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AMERICAN SOCIETY OF INSURANCE MANAGEMENT

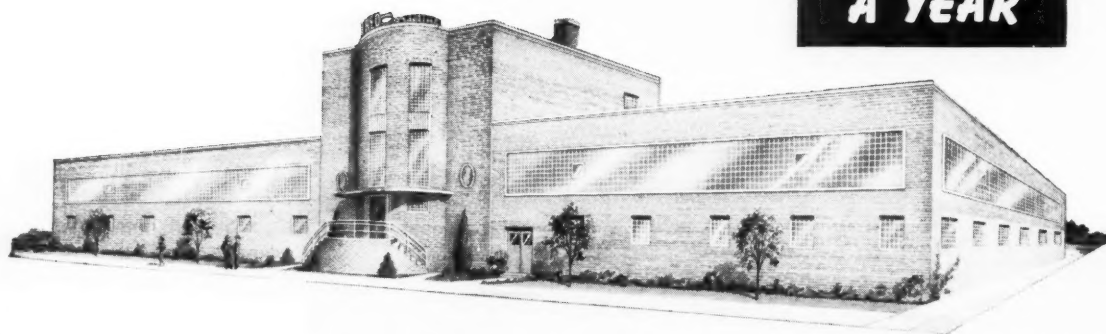
Volume 3

MARCH 1956

Number 2

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Southern California Chapter, ASIM, for its exceptional contribution to the American Society of Insurance Management.

About the cover . . .

FAMED WILSHIRE BOULEVARD in Los Angeles extends approximately 18 miles from the heart of downtown Los Angeles to the sea at Santa Monica. It is considered one of the most scenic roads in the chief city of the Southland. View here is at MacArthur Park, looking east toward downtown Los Angeles.

Thanks A Million —

A Million Thanks to You

And we mean every word of it. We are very much aware of our indebtedness to the authors of articles, written for the National Insurance Buyer, over a period of two years and listed on pages 20 & 21. The articles represent the best thinking on current insurance subjects. Some have been written especially for the Buyer. Others are copies of speeches made before ASIM meetings and elsewhere. Some were written by non-members of the American Society of Insurance Management and some were written by our own members. To all contributors, we say a gracious "Thank You".

To our own members, officers and chapter representatives we say "Thank You". The news which is sent to us, notices of meetings, pictures and general copy would not be attainable without your cooperation. We are very grateful.

And to our advertisers — those fine sponsors who see merit in our medium as a market for their services, we say "Thank You". We are proud of these advertisers whose messages reach you, year after year — and we recommend the use of their services whenever possible. (See page 40 for list of advertisers.)

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"COME WEST, YOUNG MAN"

"Come West Young Man" is the cry of the Insurance Manager in an endeavor to bolster both the Buyer and the Seller in the Western insurance field.

The West, referring particularly to that glorious, sun drenched, perfectly climated, colossal, stupendous section of God's Earth known the world over as "Sunny Southern California," is only a young part of these United States. It is that part of the world however that since the 1920's has developed more than any other section of the country. While still being a "Young" country it has many famous traditions and folklore that will be recognized in reading the membership roster of the Southern California Chapter of the American Society of Insurance Management, Inc.—let's start off with that famous 20 Mule Team from Death Valley—the Pacific Coast Borax Co., "Virginia Dare," the famous wine from the Garrett & Co., Southern California Edison Company — the Pioneer Electrical Utility dating back to the 1890's, Carnation Milk, etc.

Still again many famous new young companies have been formed out West in the last 30 years, the names of which are familiar to you, Douglas Aircraft, Lockheed, Hughes, North American, Convair and the many newer, but still most important, the supplies of aviation accessories, Marquardt, Pacific Airmotive and Ramo-Wooldridge are most important for their part in the aviation industry. Add to these Union Oil, Superior Oil and their allied suppliers such as Baker Oil Tool, Bryon Jackson, Fluor, Lane Wells, names known throughout the world but to complete the picture you must add the Banks, The Title Insurance Companies, the Contracting and construction firms, the Steel Companies, the Lumber Companies, the Department and Drug Stores, the Milk and Produce suppliers, the Manufacturers such as

(More on page 4)



From left to right — Erwin C. Jones, Vice President, Southern California Chapter; Joe T. Parrett, ASIM Vice President; Harvey Humphrey, President, Southern California Chapter, and Wesley F. Peterson, Retiring President, Southern California Chapter.

Southern California Chapter Officers' Installation

Surrounded in a gay Hawaiian atmosphere the new officers of the Southern California Chapter ASIM were installed by First Vice President Joe Parrett at their annual February Meeting. Mr. Harvey Humphrey of the Title Insurance and Trust Company was installed as President; Mr. Erwin C. Jones, Southern California Edison Company, as Vice President; Mrs. Anna Williams of the California Bank, Trust Department, was reinstalled as Treasurer and Mr. Earl Thompson of the Security-First National Bank of Los Angeles, as Secretary.

Mr. Arthur Davenport, May Co., Mr. George Kohl of the California Bank and Mrs. Marguerite Welch of the Hamond Lumber Co. were elected as the new Directors to work with the hold-over Directors, Mr. Wm. Reimer, Carnation Co.

and Mr. Fred Rankine of Baker Oil Tool Co.

As a final act of the evening President Humphrey presented the retiring president Mr. W. F. Peterson of the American Potash & Chemical Co. with a miniature engraved gavel in token for his untiring work during the past year. This meeting was an open affair dedicated to the wives of the Chapter members. During the cocktail-hour preceding the dinner, music was furnished by an accordion and each lady upon arriving received an orchid from the Reception Committee. After dinner a very elaborate Hawaiian picture was shown by Mr. Fred Morrison of the Union Oil Company and as a sneak preview he showed a 10 minute "Rush" of Surf-riding in Hawaii. It was the first Public showing of this picture.

All members and their families expressed delight of this new type of open meeting.

Come West—

(From page 3)

Paper-Mate pens and even consideration for my ladies' happiness, Studio Girl-Hollywood with their national cosmetics. Altogether what have you? THE Southern California Chapter — ASIM — 43 Firms and a roster of 64 Insurance Men interested in buying and processing insurance for the benefit of their corporations.

As a history book would read, gathered on one pleasant evening over a tender western steak in a proper setting at the Brown Derby Restaurant, sat a mere 10 gentlemen to discuss their common problem—insurance, and to hear the tale about a New York Insurance Buyers Organization. The stalwart men headed by Joe Parrett of Carnation Co. fame, Cliff Weaver, Pioneer-Flintkote; George Kohl of the California Bank; Cy Finn,

Superior Oil; Matt Stamey, Lockheed; Irv Snyder, North American Aviation, Wheeler Stanley, Kaiser Steel; Don Cable, American Potash; Fred Morrison, Union Oil and Ray Garvin of Security-First National Bank and you have the start of the Southern California Insurance Buyers Association, which after organizing immediately affiliated with the National Insurance Buyers Association, now ASIM.

How they grew—at the end of the year there were 20 member firms. Next year to 28 and now to 43 and the list growing steadily. Possibly the greatest idea that made this western chapter so well known in Southern California was a "Broker's Dinner" staged late in 1952. A fluent speaker was obtained from England who presented a program on Lloyd's, London of which he was a member. Invitations were extended to the brokers, agents and insurance company

representatives and when 325 persons turned out to grace the tables of the S. C. Ins. Buyers organization, first to find out who these insurance buyers were, and secondly to hear the London speaker, the chapter was well on its way to success.

Intelligent meetings on subjects confronting problems to the membership are presented at the monthly meetings, interspersed with panel discussions, movies and an annual pilgrimage to a member's plant for an on the spot knowledge of his problem. On this field trip it is the custom to take the ladies, meaning wives, as there are six lady insurance buyers on our roster who attend meetings regularly and they in turn bring their husbands. This, coupled with a splendid dinner along the way, adds to a pleasant evening and gives the members a ready, "go

(More on page 5)

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Come West—

(From page 4)

ahead" permission from their better halves to attend our regular monthly meetings which are held on the third Wednesday of each and every month.

Committees are of the usual type; "Membership and Guests," "Program & Meetings," "Publicity & Public Relations," "Conference & Training" and now a new one, a "Technical Committee." This last committee is in response from the membership to make known the needs and the viewpoints of the Buyers of insurance to all who have an interest in the Insurance Business.

The Committee will cooperate reasonably with Producers, Underwriters and others to obtain:

- (a) Simpler and more adequate policy forms
- (b) Insurance protection for all insurable risks
- (c) Adjustment of inequities in rates
- (d) Adequate recognition of all factors which enter into rating of risks
- (e) Any other feasible and equitable improvements in forms, costs, services and practices related to Insurance.

Let's speak about the "Conference & Training Committee," its function and aims. The Committee has three sections—1) An Annual Membership Conference—2) Conferences with other chapters and groups, such as American Management Association and 3) A School Program. Taking the sections one at the time:

1. The Annual Membership Conference is patterned in the form of a seminar. It is an all day session with various group papers being

presented by members or by Insurance Company Officials to groups of not more than 15 persons each participating after the papers are presented. An evening banquet with brokers and insurance company men with a selected title speaker following dinner.

2. It is in the planning stage to meet with our neighboring chapter such as the Northern California Chapter at San Francisco, or any nearby group like our own. It is hoped that a seminar type of meeting can be scheduled with an evening dinner which would include the ladies. It is planned to hold the meeting at a half-way point that can be reached in a reasonable drive by car.

Our chapter has been very fortunate to have about five of our group each year able to attend the AMA seminars and the annual meetings of the American Society of Insurance Management when they have met in Chicago. The delegate members present papers to our chapter at the first meeting after their return so all of the chapter really share in the Eastern conference along with the delegates.

3. A school program has been a "priority" with this chapter for the last two years. It was observed that the subject of insurance in classes at night schools and colleges was always presented from a seller or salesman's point of view. We had no quarrel with that but we believed that the buyer's side would also be taught. The colleges were very cooperative and they appeared before our meetings and told us their teaching problems and what they intended to present. The colleges welcomed our program suggestions and some of our group assisted in their curricula and texts so that now the buyer's side is being presented along with sales, underwriting and insurance law. This field has lots of room for de-

velopment and this chapter is doing just that.

At each meeting a five minute "highlight speaker" extolls on some occurrence that has happened in his concern pertaining to Insurance or Insurance Coverage. It might be an accident concerning Third Party BI, PD, Workmen's Comp. or maybe a Fire. There are 12 members selected at the first of each year (one for each month) and the program chairman calls upon one until all have given their 5 minute highlight story.

As the tide has turned to the West these last many years the field of insurance has taken on its growth in stride. As the local brokers developed, the insurance special agents came to help, then the branch offices developed and now the home offices are arriving with trained talent that is the best in the country. The Insurance Buyer has also had his growing pains in this upsurging of new business in the West. First he was a clerk or maybe an official of a small branch of an Eastern Concern assigned to this territory. As branches grew larger or territorial factories were established, a regular buyer was assigned. As new Companies and Industries were formed or Eastern firms moved to the West the importance of a buyer as a "Manager of Insurance" for their expanding firms and activities was required. This of course has strengthened the Buyer's standing so that now as a solid group in a chapter of the American Society of Insurance Management, we are a looked-up to as a respected group of individuals that have the real "know-how" of insurance.

We are still learning and still expanding, we are proud of our growth and importance so when you Come West Young Man, be sure to Visit with Us.



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may end his criminal career, but it won't put back the money he stole. In most cases, embezzled funds are quickly spent.

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The Effect Of The Hold-Harmless
Clause

by William A. Miller

Director of American Society of Insurance Management

The problem of risk management contains many facets, the least of which is not the effect of the hold-harmless clause. During recent years as values have increased, all efforts have been made by insurance companies, insurance brokers, insurance managers, attorneys and accountants to protect the assets of their corporations. These efforts in many instances have used the indemnification or hold-harmless clause as the platform on which the desired protection has been constructed.

This paper has not been written either to deride or ridicule those who believe such clauses are helpful in the protection of corporate assets; rather it is the aim herein to discuss a rather involved, somewhat complicated, but very interesting situation.

Why do we have hold-harmless clauses? Generally, we find that it is the large companies that require such clauses — particularly railroads, utilities and others who are self-insurers and as such have a definite incentive to pass on to others as much of their own liability as possible. Some large assureds have liability insurance written on a retrospective basis and they do not wish to take the chance of being penalized for loss due to negligence.

I do not contend that any or all of the reasons set forth as valid for the necessity of having hold-harmless clauses are true; however, because of the reasons expressed for hold-harmless clauses, it appears that they will be with us for a great period of time unless there is legislation to ban them — or unless the parties to the contract can meet on equal ground and negotiate to the extent that the liability assumed is for their own negligence and is covered by

their own liability policies.

Insurance companies are extremely interested in this trend of having people assume, under contract, more than they realize that they are assuming. A rather thought-provoking question has recently been asked by one of the major insurance companies after making an investigation of corporate law and the relationship between that law and contractual liability. The question asked was: "Does an officer or agent of a company have the right to accept, in behalf of his company, an agreement which would require, if not all, at least a partial liquidation of the assets of the corporation?" The point involved is this — the trend in hold-harmless clauses is to require the acceptor to indemnify the other party to the contract for not only the negligence of either party, but also for the negligence of third persons. The limit of liability is not expressed in dollars, and it is generally not possible for anyone under such circumstances to buy insurance which will entirely or adequately cover the assumed liability. Therefore, in the event of loss, the insurance company would pay to the extent of the limits of the liability expressed in the policy, and the company would be looked upon to pay the balance of the claim from its assets — which, in effect, would be a liquidation of assets due to an uninsured risk.

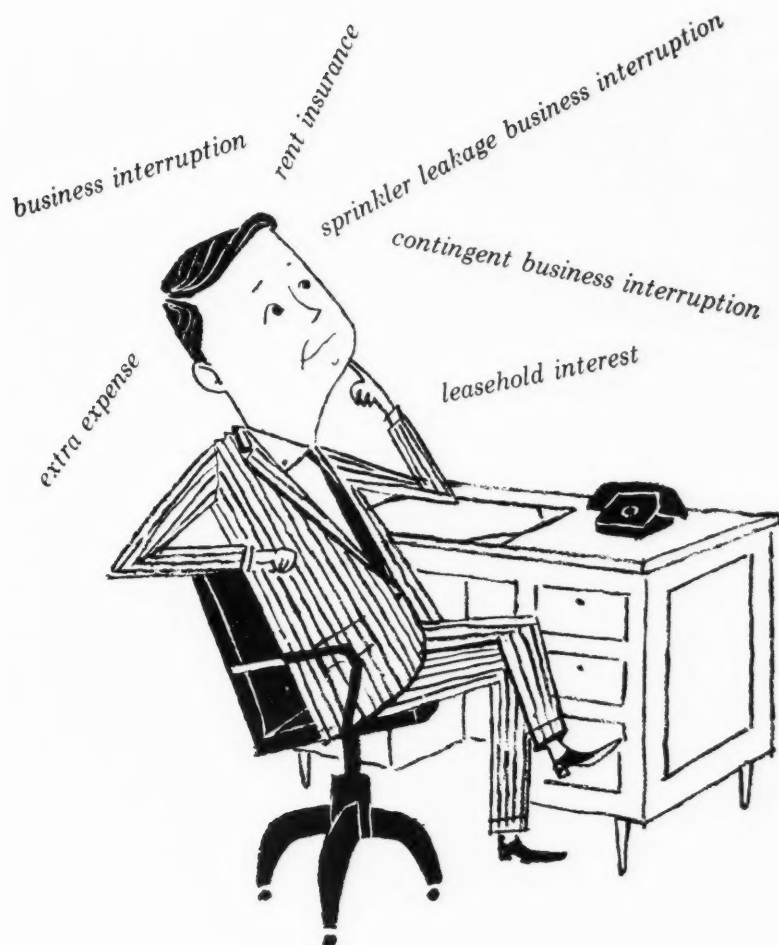
It would seem that hold-harmless agreements are purely and simply an economic waste, for not only is there an additional cost of insuring the liability assumed under the contract, but there is also the time that is required to study the contract by the person accepting it; time is required to place

(More on page 35)

Are you really checked out

on "TIME ELEMENT"

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Do you know which type of Business Interruption coverage, Gross Earnings or Contribution, is the best for your organization? Are you completely familiar with Extra Expense...Rent Insurance...Leasehold Interest...Contingent Business Interruption...Sprinkler Leakage Business Interruption? We have recently published a comprehensive Kit on "Time Element" coverages. Although primarily intended as a text book for home study courses for our agents and brokers, this Kit can be invaluable to you as a buyer of insurance.

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USE & OCCUPANCY

Its Practical Aspects



by
Howard F. Erzinger
Byrnes-McCaffrey, Inc.
Chicago, Ill.

**before Houston Area Chapter
American Society of Insurance
Management**

First I want you to know that I do appreciate the privilege of meeting this particular group of Insurance Buyers. I say this because from what I have been told your group has not only become highly respected by the National Association but is exerting considerable influence in the policies established and the problems of the buyer. Having met several of you at the American Management Association Insurance conferences, I am sure this is all due to the extremely high caliber of men representing Texas industry. I say that in all sincerity.

* * *

The purpose and intention of B. I. insurance is to put the insured in the same position they would have been in had there been no interruption of operations due to a peril insured against. The determination of the loss therefore must in many cases be based upon conjecture and opinion. There is no mystery to it but there can be many differences of opinion as to what would have happened had there been no interruption. It follows that a Business Interruption loss cannot be measured as accurately or as easily as a physical damage loss. There

must be a meeting of minds, not just between the Insurance Manager and the Adjuster but of many people — particularly in the insured's organization. Facts should be developed from the insured's executive, sales, accounting, production and other departments to determine what the loss is.

* * *

I do not mean to give you the impression that it is difficult or impossible to collect a loss under a B. I. policy. Generally speaking the insurance companies have been very understanding, particularly where proper facts have been established and in fact it has been my observation that the insured's opinion holds in most cases if properly presented.

* * *

Generally speaking, B. I. insurance reimburses the insured for loss of profits and charges and expenses that continue during an interruption of operations due to a peril insured against. Our domestic insurance companies offer two types of policies — one being the contribution form under which an insured can eliminate coverage on ordinary payroll (mostly hourly wages) or can include such payroll under a separate item and the other is the Gross Earnings form which automatically includes ordinary payroll. A study must be made by the Insurance Manager and the Agent or Broker as to which form is best suited to the insured. As just one illustration (and there are many other factors to be considered) where the insured feel it is absolutely essential that ordinary labor be continued on the payroll during a shutdown, the Gross Earnings form may be more suitable. It has been my experience that where the ordinary payroll represents a large percentage of the annual value it is not practical or economic to use the Gross Earnings form. However this cannot be considered as a definite rule. I am sure you all realize

that of all classes of insurance this type requires a very serious study of every phase of the insured's operations, before determining the proper type of policy to buy.

* * *

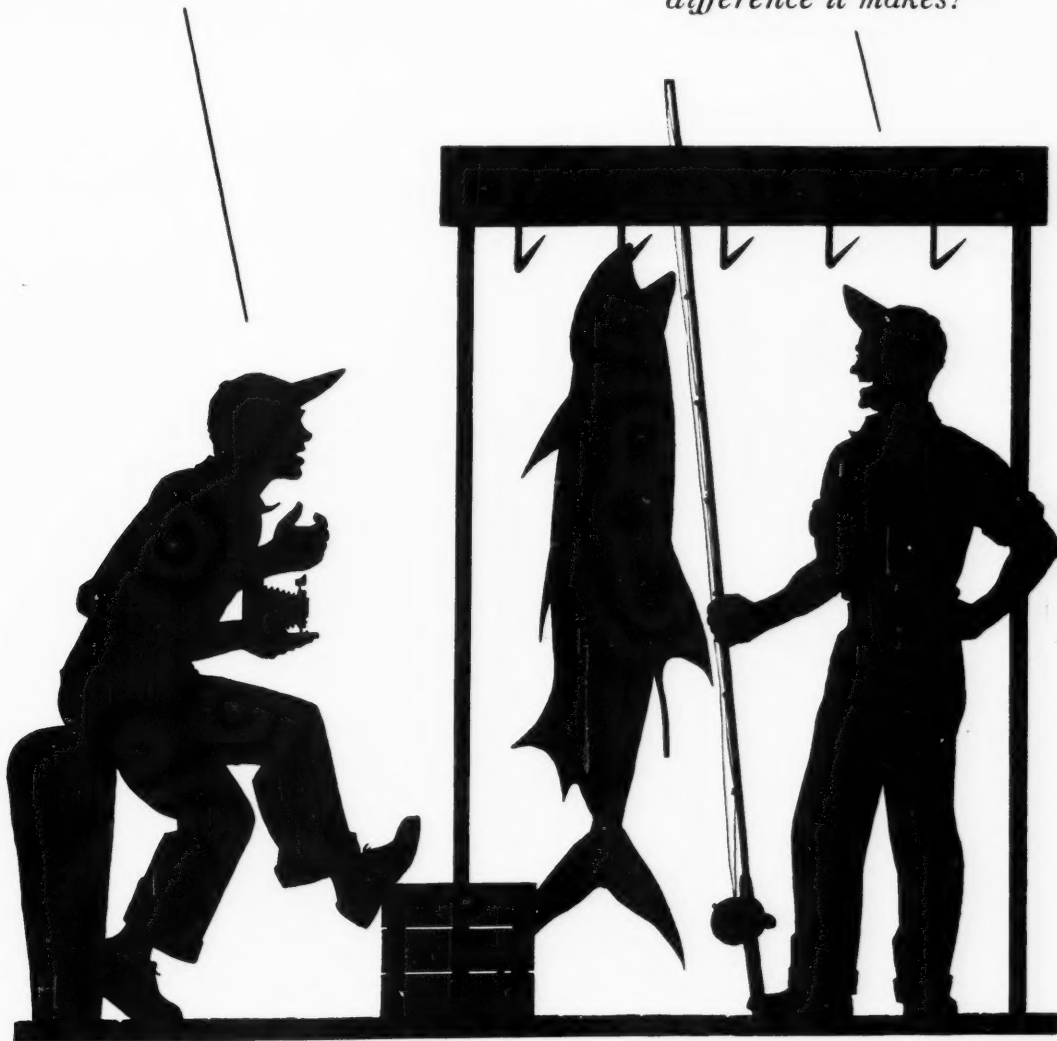
In my opinion the two most important problems in the approach to this class of insurance are the determination of the proper amount of insurance, particularly where co-insurance is involved and the proper approach and procedure to follow in the event of a loss. I certainly do not want to get into a prolonged discussion of the relative wisdom of buying through direct sellers or through an agent or broker but I am sure that in this class of coverage the assistance of as many who are competent and experienced is absolutely essential, in both of the above problems.

* * *

Dealing first with the amount of insurance — there are two factors to be considered. (1) the amount needed to comply with co-insurance requirements (usually 80% of the annual value) — (2) the amount needed to properly protect the insured. The method generally used in determining the amount to comply with 80% co-insurance, which is the more commonly used type of cover, is to first establish the annual sales value of the production, from which is deducted the cost of the materials entering into product, ordinary labor and heat, light and power not under contract. 80% of that figure (giving consideration to the business before the shutdown and the probable experience had there been no interruption) would comply with co-insurance requirements. This, however, only provides protection for 9.6 tenths months of a year. I well remember a case during the last war where the insured insisted he did not want more insurance than was necessary to comply with 80% co-insurance. The plant was demolished by an explosion and
(More on page 26)

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CHAPTER DIRECTORY

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

CENTRAL ILLINOIS INSURANCE MANAGERS ASSOCIATION

Meetings—2nd Thursday of each month, Bloomington, Illinois. Dinner, 6:30 P.M.
President—F. G. Sutherland, Illinois Power Company, Decatur
Vice-Pres.—D. W. Covey, LeTourneau Westinghouse, Peoria
Secy.-Treas.—Robert E. Leshner, Funk Bros. Seed Co., Bloomington

CINCINNATI CHAPTER

Meetings—1st Wednesday each month, except July and August. Luncheon, 12:00 Noon.
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Vice-Pres.—T. J. McAdams, Kroger Company, Cincinnati
Treasurer—T. Fisher, Fifth Third Union Trust Co., Cincinnati
Asst. Treas.—S. B. Adamson, U. S. Printing & Lithograph Co., Norwood
Secretary—L. R. Everhard, Trailmobile Inc., Cincinnati

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Meetings—3rd Thursday each month. Luncheon, 12:00 Noon
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Vice-Pres.—D. C. Morris, Chance-Vought Aircraft Inc., Dallas
Secretary—Miss Annetta M. Johnson, The Murray Company, Dallas
Treasurer—T. T. Redington, Jr., Dresser Industries, Inc., Dallas

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Meetings—3rd Monday each month. Dinner, 6:30 P.M.
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Secretary—Harry R. Sage, Mutual Rendering Company, Inc., Philadelphia
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Meetings—3rd Wednesday each month. Dinner, 6:00 P.M.
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Secretary—W. A. Johnston, Chrysler Corporation, Detroit
Treasurer—F. L. Kiernan, Michigan Consolidated Gas Co., Detroit

HOUSTON AREA CHAPTER

Meetings—2nd Wednesday each month. Luncheon, 11:30 A.M.
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Secy.-Treas.—Robert Colbert, National Brewing Company, Baltimore

MID-WEST INSURANCE BUYERS ASSOCIATION, INC.

Meetings—3rd Thursday of each month. September through May. Dinner, 6:00 P.M.
President—C. Henry Austin, Standard Oil Company (Indiana), Chicago
Vice-Pres.—Casimir Z. Greenley, International Minerals & Chemicals Corp., Chicago
Secretary—Ann Auerbach, Goldblatt Bros., Inc., Chicago
Treasurer—G. J. Burns, Continental Ill. National Bank & Trust, Chicago

MINNESOTA CHAPTER

Meetings—4th Tuesday of each month. Dinner, 6:30 P.M.
President—H. V. Noland, M. F. Patterson Dental Supply Co. of Minn., St. Paul
Vice-Pres.—K. N. Cervin, Minneapolis-Moline Company, Minneapolis
Secy.-Treas.—Paul T. Mucke, Gamble-Skogmo, Inc., Minneapolis
Administrative Secy.—Lillian K. Polzin, 722 Second Ave. South, Minneapolis 2, Minnesota

NEW YORK CHAPTER

Meetings—4th Thursday each month, except July and August. Luncheon, 12:20 P.M.
President—Raymond Cox, Merritt-Chapman & Scott, New York, N. Y.
1st Vice-Pres.—W. D. McGuinness, The Port of New York Authority, New York
2nd Vice-Pres.—H. S. Goodwin, McKesson & Robbins, Inc., New York
Secretary—Frank Hornby, Jr., Elasco Services, Inc., New York
Treasurer—E. W. Pickel, Foster-Wheeler Corporation, New York

NORTHERN CALIFORNIA CHAPTER

Meetings—3rd Thursday of each month. Dinner, 6:00 P.M.
President—E. C. Lasater, Rosenberg Bros. & Co., Inc., San Francisco
Vice-Pres.—J. P. Holstein, California Packing Corp., San Francisco
Secretary—H. L. Hilleary, Standard Oil Company, San Francisco
Treasurer—R. A. Westran, Kaiser Companies, Oakland

OREGON CHAPTER

Meetings—1st Wednesday of each month. Dinner, 6:00 P.M.
President—J. Arthur McNett, Jantzen Knitting Mills, Inc., Portland, Oregon
Vice-Pres.—Doyle Pigg, Lipman Wolfe & Co., Portland, Oregon
Secy.-Treas.—John Charters, Consolidated Freightways, Inc., Portland, Oregon

SOUTHERN CALIFORNIA CHAPTER

Meetings—3rd Wednesday of each month. Dinner, 6:30 P.M.
President—Harvey Humphrey, Title Insurance & Trust Company, Los Angeles
Vice-Pres.—Erwin C. Jones, Southern California Edison Company, Los Angeles
Treasurer—Mrs. Anna A. Williams, California Bank, Los Angeles
Secretary—Earl Thompson, Security-First National Bank of Los Angeles, Los Angeles

VIRGINIA-CAROLINA CHAPTER

Meetings—4th Tuesday each month except December (Check with Secretary for time and place).
President—B. M. Hulcher, Southern States Cooperative, Richmond, Va.
1st Vice-Pres.—Paul Stickler, Reynolds Metal Company, Richmond, Va.
2nd Vice-Pres.—A. Grant Whitney, Belk Stores, Inc., Charlotte, N. C.
Secy.-Treas.—Mrs. Lydia S. Hammond, Miller & Rhoads, Inc., Richmond, Va.



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Richmond, Va.
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Merritt C. Schwenk Jr.

Merritt C. Schwenk, Jr. of Fruehauf Trailer Company, Detroit, Michigan, has been elected a member of the Executive Committee of the American Society of Insurance Management. Mr. Schwenk is Regional Vice President for ASIM, in charge of the midwestern states. These include Illinois, Indiana, Michigan, and Ohio.

ASIM Members Address Minnesota Chapter

Mr. E. Chambers of Minnesota Mining & Manufacturing Company, and Mr. D. L. Hail of Pillsbury Mills, Inc., both members of Minnesota Chapter, ASIM, spoke before the regular meeting of the chapter on February 28th.

Speaking on "Administrating the Insurance Function," such subjects as Department Organization, Relationships with Other Departments and Top Management, Information Received by the Insurance Department, and Reports Issued by the Insurance Department, gave members and their guests an opportunity to check and compare their administrative practices with those of the speakers, who were well qualified to lead the discussion.

The January meeting featured a panel discussion with K. N. Cervin of Minneapolis-Moline Company as moderator — and Ray. F. Boettcher, Geo. A. Hormel Co.; Ralph Towey, Rochester Dairy; and Howard Weber, Economics Laboratory, Inc., members of the panel. This was a "problem clinic" with an opportunity for members to present their insurance problems for discussion and solution.

ASIM to Hold Risk Management Institute at University of Connecticut

Plans have been approved by the Executive Committee of the American Society of Insurance Management to hold a two and one-half day Risk Management Institute at the University of Connecticut at Storrs, September 26th through September 28th.

The invitation to use the facilities of this beautiful campus was extended by Laurence J. Ackerman, Dean of the School of Business Administration and an honorary member of ASIM.

Preliminary details were discussed with Dean Ackerman at a recent meeting at the University attended by B. E. Kelley, H. Stanley Goodwin and Peter A. Burke.

A joint committee has been appointed to arrange the agenda and to secure speakers for the Institute. Ray V. Brady of the Chase-Manhattan Bank is chairman. Other members of the committee are: H. Stanley Goodwin of McKesson & Robbins, Inc.; Leslie J. Schroeder of Worthington Corporation; Joseph Dean Edwards, Attorney at Law; B. E. Kelley, United States Plywood Corporation; and Miss Mildred C. Congdon of Esso Standard Oil Company.

Oregon Chapter Hears James M. Stewart on Appraisals

Oregon Chapter, ASIM, heard James M. Stewart, Vice President of U. S. Appraisal Company, at a regular meeting in February.

Mr. Stewart discussed various methods in the establishment of values on all types of property for insurance purposes — as well as the benefits resulting from appraisals.



W. H. Clem

W. H. Clem of Schlumberger Well Surveying Company, Houston, Texas, has been re-elected a member of the Executive Committee of the American Society of Insurance Management. As Regional Vice President, he is in charge of ASIM's southwestern states which include Arizona, Colorado, Kansas, New Mexico, Oklahoma, Texas, and Utah.

Virginia-Carolina Chapter Elects Officers

B. M. Hulcher, Southern States Cooperative of Richmond, Virginia, is the president of the newly organized Virginia-Carolina Chapter.

Paul Stickler, Reynolds Metal Company, is 1st Vice President, A. Grant Whitney of Belk Stores, Inc. of Charlotte, North Carolina, is 2nd Vice President and Mrs. Lydia S. Hammond of Miller & Rhoads, Inc., Richmond, Virginia, is secretary-treasurer.

Elected for terms of one and two years on the Board of Directors are (for one year) A. Grant Whitney, L. T. Oliver, Mrs. L. S. Hammond; and (for two years) B. M. Hulcher, Paul Stickler and Vernon Gornto.

A regular meeting of this chapter was held on February 21st at the Board Room of the Southern States Building in Richmond at 2 P.M. This was followed by a dinner in the Crystal Room of the Hotel Raleigh.

Mr. Paul Stickler, 1st Vice President, was in charge of the program.

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How to have a Heart Attack

1. Your job is the most important thing in the world. Don't let family, friends or anything else interfere with it.
2. Believe in the old adage; "It's better to wear out than rust out." Work at least 14 hours a day.
3. If you must go home, take a brief case with you. Then you can work until midnight and assure a good case of insomnia.
4. Have two phones on your desk and don't delegate any of your work to others. Do everything yourself.
5. Attend all meetings, banquets and conventions you can horn in on. It pays to be seen around, even if not for long.
6. If you must exercise, get it over quickly. For example, play at least 35 holes of golf whenever you play.
7. Smoke 10 cigars a day or 3 packs of cigarettes. Stop smoking only when sleeping and gobble up your meals in a hurry.

**Follow these rules and you
will be sure to make it.**

Insurance Buyers Risk Management Seminar

One of the most ambitious programs ever to be sponsored by an individual chapter is the one inspired by Northern California Chapter, ASIM, to hold a risk management seminar during the spring semester of 1956 at Golden Gate College, San Francisco.

Roy A. Westran of the Insurance Department of Henry J. Kaiser Company, Oakland, and a co-worker of Fred W. Greenlaw, Insurance Manager for Kaiser Companies, deserves most of the credit for conceiving the idea, presenting it to the college and rounding up the instructors.

Topics, instructors and dates are:

ADMINISTRATION OF THE INSURANCE DEPARTMENT—Fred W. Greenlaw, Insurance Manager, Kaiser Companies. (Feb. 7, 14, & 21)

SELF-INSURANCE AND NO-INSURANCE PROGRAMS — R. W. Humphrey, Vice Chairman, System Insurance Committee, Southern Pacific Company. (Feb. 28 and March 6)

INSURANCE AND TAXES—E. A. Nugent, Manager Tax Department, Kaiser Aluminum & Chemical Corporation. (March 13)

ORGANIZING THE DEPARTMENT FOR EFFICIENT HANDLING OF LIABILITY AND WORKMEN'S COMPENSATION CLAIMS—Ray White, Attorney at Law, Pacific Gas & Electric Company. (March 20)

CONTRACTS—A. G. Westcott, Secretary-Treasurer, Union Ice Company. (March 27)

CONSEQUENTIAL INSURANCE COVERAGES—R. B. Masters, United States Manager, New Zealand Insurance Company. (April 3 and 10)

LOSS PREVENTION ACTIVITIES—Justin A. Crockwell, Insurance Agent, Pacific Gas & Electric Company. (April 17)

ADJUSTING THE U. & O. LOSS—Kenneth Withers, Executive General Adjustor, General Adjustment Bureau. (April 24)

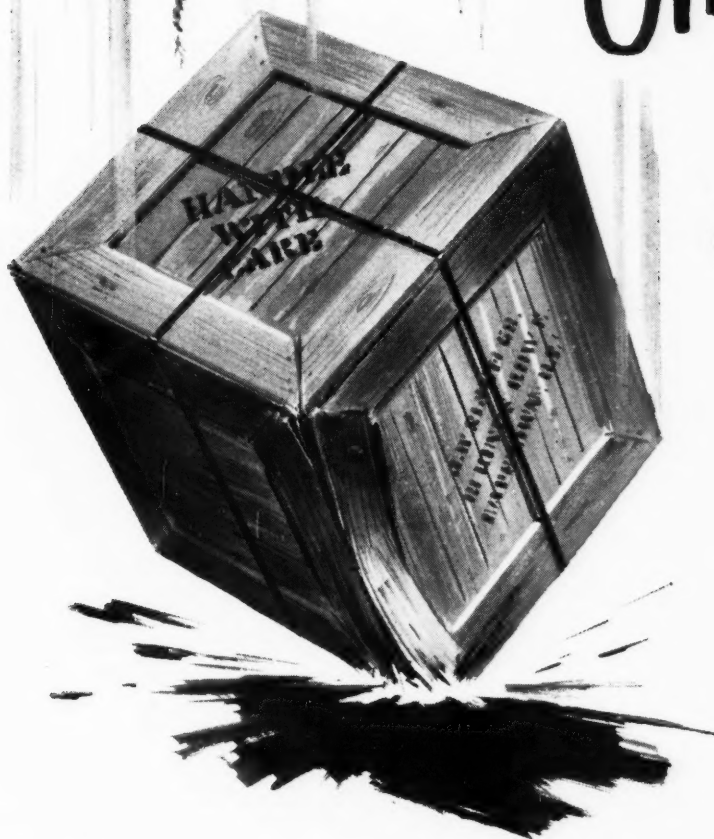
DESIGNING A WORKABLE INSURANCE PROGRAM—O. E. Wees, Insurance Manager, Crown Zellerbach Co. (May 1, 8, 15, and 22)

Members of RISK MANAGEMENT SEMINAR. Spring Semester:

Norman Angell, Secretary, Kern County Land Company
 James Black, Ass't. Insurance Supervisor, Tide Water Associated Oil Co.
 D. J. Young, Insurance Manager, Kaiser Engineers
 John Deacon, Assistant to Secretary, Spreckels Sugar Company
 T. G. (Ted) Doudiet, Assistant Secretary, Union Ice Company
 Richard Erving, Office Manager, Paul M. Nippert Company
 Fred Greenlaw, Insurance Manager, Kaiser Companies
 Donald Henning, Insurance Representative, Kaiser Companies
 Russell Humphrey, Vice-Chairman, System Insurance Committee, Southern Pacific Company
 Ralph Kjorlien, Assistant Treasurer, Cutter Laboratories
 Emerson Lasater, Insurance Manager, Rosenberg Bros. & Company, Inc.
 H. W. (Herb) Pedersen, Assistant Secretary, Coast Service Company
 Kenneth Rodts, Insurance Representative, Kaiser Companies
 Harold Saur, Account Manager, Underwriters Service, Inc.
 A. T. (Arch) Sparrowe, Insurance Manager, Pabco Products, Inc.
 O. E. (Gus) Wees, Insurance Manager, Crown Zellerbach Company
 A. G. (Del) Westcott, Secretary-Treasurer, Union Ice Company
 Roy Westran, Insurance Representative, Kaiser Companies
 Ralph Dryer, Mgr. Fire & Inland Marine, United Pacific Insurance Co.
 John Newcomb, Casualty Manager, American Int'l. Underwriters
 Dick Suttee, Large Risk Underwriter, Firemen's Fund Indemnity Co.
 Avery Tindall, Vice President, Pacific Marine Insurance Agencies

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Harvey Humphrey
President
Southern California Chapter, ASIM

Mr. Humphrey, Vice President in charge of Administrative Services for Title Insurance and Trust Company, Los Angeles, is a native of Missouri and has been a resident of California since 1920. He is married and has no children.

Mr. Humphrey attended Central College, Fayette, Missouri and Colorado State Teachers College, Greeley, Colorado. He is past president of the Los Angeles Junior Chamber of Commerce; past vice-president of the United States Junior Chamber of Commerce; and past president of California Land Title Association, serving his 25th year as its treasurer.

A veteran of the first and second World Wars, he was separated from service in the latter as a Lieutenant Colonel, U.S.A.F.

At present he is serving a second term as member of the Board of Traffic Commissioners, City of Los Angeles.

Houston Area Chapter Hears Dennis DuPriest

Members and guests of Houston Area Chapter, ASIM, had an opportunity to hear Dennis DuPriest who spoke on "Fire Insurance — Some of Its Problems and Effects," at their regular meeting in February.

Mr. DuPriest is the Chief Rate Actuary of the Fire Insurance Division of the Board of Insurance Commissioners (Texas) and has spent his entire career of approximately 31 years in work on the Commission staff.

One of the projects of the Program Committee of Houston Area Chapter is to have guest speakers from the offices of the Board of Insurance Commissioners.

April 3rd is Red Letter Day for Houston Area Chapter

On Tuesday, April 3rd the Houston Area Chapter, ASIM, will hold its Annual Buyers Conference. This year, emphasis will be on Employee Benefit Plans. If any members are in the vicinity of Houston, Texas, on April 3rd, it will be worth their while to attend this conference which will be held at the Shamrock Hilton Hotel. Registration fee is \$7.50 per person.

Portland Chapter Changes Name — Elects New Officers

The Portland Chapter of the American Society of Insurance Management has changed its name to the Oregon Chapter, ASIM, according to M. A. Gudman, past president and director of the chapter.

J. Arthur McNett of Jantzen Knitting Mills, Inc. is the new president, Doyle Pigg of Lipman Wolfe & Company, is vice president and John Charters of Industrial Air Products Company is secretary-treasurer.

Lou Forsythe and Dave Leflar, members of the Program Committee for Oregon Chapter, have arranged some excellent programs for the year.

Cincinnati Buyers Hear Business Interruption Talk

The Cincinnati Area Insurance Managers of the American Society of Insurance Management Inc. held its monthly meeting Feb. 1. D. G. Stentz, executive supervisor of Western Adjustment and Inspection Co. for Ohio and Kentucky, addressed the meeting.

Mr. Stentz spoke on "Business Interruption Insurance". He analyzed the subject at first from a statistical point of view setting forth figures on the number of losses over a ten-year period and compared the losses sustained with losses due to direct fire from which the business interruption claim arose.

"Is the Assured Responsible for Non-Owned Automobiles?"

Mrs. Doris V. Rushing of A. S. Frohman & Associates, was the speaker at the March 7th meeting of Oregon Chapter, ASIM.

Of vital importance to all companies whose employees drive other than company-owned vehicles, Mrs. Rushing's subject: "Is the Assured Responsible for Non-Owned Automobiles?," gave the members and their guests some provocative thoughts.

Maryland Chapter Has Interesting Meetings

The regular monthly meetings for January and February have provided members and guests of the Maryland Chapter, ASIM, with outstanding programs and speakers.

In January, the speaker was Mr. Clarence D. Dawson, Superintendent of Insurance, Baltimore & Ohio Railroad, whose subject was "Insurance Problems of Railroads vs. Those of Industry."

In February, Robert W. Batcheider, Field Manager for Factory Insurance Association, addressed the chapter on "F.I.A. Engineering and Loss Prevention Services." Mr. Batcheider is a graduate engineer and has been in charge of the Baltimore office of the Factory Insurance Association since 1954. Prior to his coming to Baltimore he was associated with FIA's Syracuse, N. Y. office.

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**Ray Cox Joins
Merritt-Chapman & Scott
As Director of Insurance**

Ray Cox has joined Merritt-Chapman & Scott Corporation as director of insurance, Robert E. Harvey, executive vice president and assistant to the president, announced recently. Under Rolland O. Baum, executive vice president for procurement, he will be responsible for risk management and coordination of all insurance coverage by M-C&S operating departments, which are active in a widely diversified range of industry.

Prior to his new post at Merritt-Chapman & Scott, Mr. Cox had served since 1947 as insurance manager for the Arabian American Oil Company (Aramco). He is president of the New York Chapter of the American Society of Insurance Management and a member of the American Management Association's Insurance Planning Council.

Following his graduation in 1929 from the University of Illinois, where he majored in accounting and education, Mr. Cox was associated with the Western Union Telegraph Company for 18 years. He organized the insurance department at Aramco shortly after joining the company in July, 1947, and served as insurance manager until his recent resignation to join Merritt-Chapman & Scott.

A native of St. Louis, Mo., Mr. Cox lives at 38 Revere Road, Port

Washington, N. Y., with his wife, the former Miss Eunice Diefendorf, of Chicago, and their two children, Carol Mabel, 13, and William, 10.

**Special Committee to Review
Proposed Model Workmen's
Compensation Law**

In order to review the proposed model Workmen's Compensation law which was recently prepared by the United States Department of Labor, a special committee of ASIM members, has been appointed. This committee will work in conjunction with a similar committee representing the Commerce and Industry Association of New York.

Chairman of the ASIM committee is William S. Burkett of the American Machine and Foundry Company. Other members include: Chester A. Brown of R. H. Macy & Co.; Oliver T. Clayton of Esso Standard Oil Company; Thomas A. Glavey of the Chase Manhattan Bank; Russell H. Hubbard, Jr. of the General Electric Company; F. Y. MacMillan of the Sperry Gyroscope Company; Fred R. Miller of General Foods Corporation; Dwight H. Scott of the National Biscuit Company, Charles H. Svihra of McKesson & Robbins, Inc.; and Joseph D. Edwards, Attorney at Law.

Our eyes are placed in front because it is more important to look ahead than to look back.

**B. E. Kelley is
Telling the World**

B. E. Kelley, past president of the American Society of Insurance Management, and chairman of its Executive Committee, never lets up on his activity in behalf of ASIM.

On January 18th, he made a talk before the Rochester (N. Y.) Chapter of the National Association of Cost Accountants on the subject of "Your Company's Insurance Program," and on February 13th, he spoke on "Risk Management" before a joint dinner meeting of the Charles W. Griffith Memorial Foundation for Insurance Education and the Insurance Society of the Ohio State University at Columbus, Ohio.

Mr. Kelley is insurance manager for United States Plywood Corporation, New York.



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W. F. Shrimpton
President

Dallas-Ft. Worth Chapter, ASIM

Dallas-Ft. Worth Chapter of the American Society of Insurance Management, organized recently, has elected W. F. Shrimpton of Temco Aircraft Corporation, Dallas, its president.

Serving with Mr. Shrimpton are: D. C. Morris, Chance-Vought Aircraft, Inc.; Miss Annetta M. Johnson, The Murray Company; and T. T. Redington, Jr., Dresser Industries, Inc., all of Dallas.

Mr. Shrimpton, a former Bank Executive, with an academic background of Economics and Commercial Law, and years of experience in Business Management, was in charge of "Budgetary Control" for the Texas Division of North American Aviation, Inc., in the Dallas Office.

He entered the field of Corporate Insurance when, due to the resignation of the Insurance Manager, he was given the additional duties of that office which he supervised until North American closed its Texas plant at the close of the war.

Shortly after the organization of Temco Aircraft Corporation, which took over the facilities vacated by North American, he was made staff Assistant of the newly formed Company and, as one of his duties in that capacity, devised, set-up and has administered its insurance program which has attained considerable magnitude and is quite generally conceded to be one of the best in the United States.

He enjoys a wide personal acquaintance with executives and personnel of Underwriters, Adjusters and Buyers, and his development of; A remarkable system of controls, records and reporting procedures, manuscript addendums providing special coverage requirements, a loss payable clause especially designed for coverages involving United States Government interests, and his administration of a program of widely diversified, highly specialized lines of coverage to maximum efficiency and at the ultimate of economy have brought him national recognition.

Frazier Wilson **Addresses Meeting**

At the invitation of John S. Bickley, Associate Professor of Insurance, Ohio State University, Frazier S. Wilson, president of the American Society of Insurance Management, recently spoke before a combined meeting of the Society for the Advancement of Management, and the Insurance Society of the Ohio State University. His subject was "Insurance Manager."

Flood & Disaster **Insurance Committee of ASIM** **Attends Hearings**

James P. Fuller of W. R. Grace & Company; Henry Hughes of Standard Oil Company of New Jersey; C. H. Martin of American Cyanamid Company; and George E. Rogers of Robert Gair Company, members of the Flood & Disaster Committee as ASIM have attended preliminary hearings of the Banking & Currency Committee of the U. S. Senate in New York. As we go to press, Mr. C. H. Martin of American Cyanamid Company is attending a hearing of the Banking & Currency Committee in Washington.

This special ASIM committee on Flood & Disaster has been studying and reviewing proposed legislation now before the congressional committee.

RECENT NEW MEMBERS **OF ASIM**

CINCINNATI CHAPTER

Bardes Corp.
The Girdler Co.
The George Washington Brewing Co.

DALLAS-FT. WORTH CHAPTER

The British-American Oil Producing Co.
Coco-Cola Bottling Company
Collins Radio Company, Texas Div.
General American Oil Co. of Texas
The Frito Company
Gifford-Hill Company
Intercontinental Manufacturing Co., Inc.
Lone Star Gas Company
The Murray Company of Texas
Olmsted-Kirk Company
Dr. Pepper Company
Sun Oil Company
Texas Automatic Sprinkler Co.
Times Herald Printing Co.

DELAWARE VALLEY CHAPTER

S.K.F. Industries, Inc.
Mathiasen's Tanker Industries, Inc.

DETROIT CHAPTER

American Blower Corp.
American Motors Corp.
Argus Cameras, Inc.
Bull Dog Electric Products Company
Bower Roller Bearing Division
(Federal-Mogul Bower Bearings, Inc.)
Darlin & Armstrong, Inc.
Detroit Steel Products Co.
Ex-Cell-O Corporation
Gar Wood Industries, Inc.
Gear Grinding Co.
Goddard & Goddard Co.
The J. L. Hudson Co.
Hygrade Food Products Corp.
Jam Handy Organization, Inc.
F. L. Jacobs Co.
S. S. Kresge Co.
McCord Corporation
Michigan Wisconsin Pipe Line Co.
Micromatic Hone Corp.
The Murray Corp. of America
Parke Davis & Co.
Peninsular Metal Products Corp.
Penn-Michigan Mfg. Corp.
Pfeiffer Brewing Co.
The Udyllite Corp.
Woodall Industries, Inc.

MARYLAND CHAPTER

W. T. Cowan, Inc.
L. Greif & Bros., Inc.
Greenspring Dairy, Inc.
Rice's Bakery

MINNESOTA CHAPTER

Maney Bros. Mill & Elevator Co.
Owatonna Canning Co.

MISCELLANEOUS STATES

Howard D. Johnson Co. (Massachusetts)
Eastern Gas & Fuel Associates (Pennsylvania)
Harold J. O'Neill (individual) (New Mexico)

NORTHERN CALIFORNIA CHAPTER

Bank of America NT & SA
Crown Zellerbach Corp.
Lenkurt Electric Co., Inc.
Emporium-Capwell Company
Utah Construction Co.
Rudiger Lang Company

NEW YORK CHAPTER

The American Oil Company
Esso Standard Oil Co.
Hawley & Hoops
Hudson Pulp & Paper Co.
Kearfoot Company, Inc.
Liggett & Meyers Tobacco Co.
Monsanto Chemical Co. (Missouri)
Reliance Manufacturing Co.
Pan American World Airways, Inc.
Standard Oil Co. of New Jersey
West Virginia Pulp & Paper Co.

OREGON CHAPTER

Harbor Plywood Corp.

SOUTHERN CALIFORNIA CHAPTER

The Griffith Company
Turco Products Corporation

NOW WE ARE TWO . . .

Two Years Old, That Is!

This issue marks the second anniversary of The National Insurance Buyer. In response to many requests, we list the articles which have appeared during the past two years:

1954	TITLE	AUTHOR
<i>March</i>	New Workmen's Compensation & Employers' Liability Policy	<i>R. V. Alger</i> The Travelers Insurance Company
	Multiple Line Insurance & Its Value to the Insuring Public	<i>Roy C. McCullough</i> Multiple Peril Insurance Rating Organization
	Company Representatives Should Know Buyer's Risks	<i>Elias W. Rolley</i> Funk Brothers Seed Company
<i>June</i>	Getting the Most for Your Insurance Dollar	<i>George E. Rogers</i> Robert Gair Company
	Major Medical Expense Insurance	<i>Benjamin Lorber</i> Universal Pictures Company, Inc.
	Rates, Retentions, & Reserves	<i>C. Henry Austin</i> Standard Oil Company (Indiana)
	Room For Initiative	<i>Russell B. Gallagher</i> Philco Corporation
<i>September</i>	Lessons of Large Loss Fires of 1953	<i>Chester I. Babcock</i> National Fire Protection Assn.
	Experience in Adjusting an Actual Business Interruption Loss	<i>Lloyd R. Everhard</i> Trailmobile Inc.
	Insurance as Regards its Importance to Credit	<i>R. S. Bass</i> A. E. Staley Manufacturing Co.
	What Does the Buyer Expect of His Broker?	<i>George Fouche</i> Swinerton & Walberg Company
<i>December</i>	Continuing Group Hospital Benefits for Retired Employees	<i>Paul E. Britt</i> Connecticut General Life Insurance Company
	Problems in Workmen's Compensation	<i>William Zucker</i> Commerce & Industry Association of New York
	Insurance, Self-Insurance, Non-Insurance	<i>C. Z. Greenley</i> International Mineral & Chemical Corporation
	What Not to Buy in Business Interruption Insurance	<i>Robert M. Dewey</i>
	Risk Management and the University	<i>John S. Bickley</i> The Ohio State University
1955		
<i>March</i>	Getting the Most Out of Marine Insurance	<i>Clifford L. Alderman</i> The Port of New York Authority
	The Real Big Loss — Can it be Covered by a Contract Bond?	<i>Alexander Kerner</i> Federal Insurance Company
	The Corporate Insurance Manager — His Vital Role in Today's National Economy	<i>Peter A. Burke</i> The American Society of Insurance Management
	Risk Management	<i>Ralph H. Blanchard</i> Columbia University

1955	TITLE	AUTHOR
June	Insurance Responsibilities of the Retail Store Insurance Administrator	Charles B. Thiele Federated Department Stores, Inc.
	Self-Insurance	Arthur Macaulay, Jr. Blades & Macaulay
	The Changing Concept of Your Legal Liability	Harold Scott Baile The General Accident, Fire & Life Assurance Corporation
	What is Wrong with Boiler Insurance Today?	Walter B. White, Jr. Lumberman's Mutual Casualty Company
September	I Buy Insurance for Fibreboard Products	Dorothy Hanson Fibreboard Products, Inc.
	Review & Preview	Wm. T. Brightman, Jr. Blackstone Mutual Insurance Company
	The Insurance Department's Place in the Construction of an Industrial Plant	H. G. Everill The Cincinnati Gas & Electric Company
	Trends and Problems	John S. Bickley The Ohio State University
	Busy Today, Mr. Insurance Buyer?	Emerson Lasater Rosenberg Bros., San Francisco
	An Historical Sketch of Lloyd's (Part 1)	G. F. Jacobson Northwest Underwriters
	We Salute Northern California Chapter	Fred W. Greenlaw Kaiser Services
December	Buying Insurance for Overseas Risk	L. H. Collier American International Underwriters Corp.
	The War on Noise	J. B. Linster Employers Mutual Insurance Company of Wausau
	Recent Changes in Liability Forms	Thomas A. Garvey Lumbermen's Mutual Casualty Company
	An Historical Sketch of Lloyd's (Part 2)	G. F. Jacobson Northwest Underwriters
	American Society of Insurance Management Meets in Chicago	B. E. Kelley President, ASIM
1956		
January	A Man is More than an Insurance Buyer	Russell B. Gallagher Philco Corporation
	Education and the New Profession	Dr. H. Wayne Snider Illinois Wesleyan University
	Do We Know A Bargain When We See One?	Frank W. Pennartz Food Fair Stores
	What ASIM Members Say	Joe T. Parrett Carnation Company
		Edwin T. Berquist The Pure Oil Company
		James Cristy The Upjohn Company
		Casimir Z. Greenley International Minerals & Chemical Corporation
	The Appraisal in the Loss Adjustment	Ralph L. Berry The American Appraisal Company



**C. Henry Austin, President of
Mid-West Insurance Buyers
Association, ASIM**

At its annual meeting February 16 the Mid-West Insurance Buyers Association, Chicago Chapter of the American Society of Insurance Management, elected as president C. Henry Austin of Standard Oil Company (Indiana). Other officers elected were: vice president, Casimir Z. Greenley, International Minerals and Chemicals Corporation; secretary, Ann Auerbach, Goldblatt Bros., Inc.; treasurer, Geoffrey J. Burns, Continental Illinois National Bank & Trust Co.

Elected directors were: E. T. Berquist, The Pure Oil Company; Richard Blakely, Chicago Daily Tribune; Charles Rhodes, Marshall Field & Company; George Winter, A. M. Castle & Company.

Mr. Austin, manager of Insurance Department, Standard Oil Company (Indiana), is a national director of American Society of Insurance Management; a seminar leader, insurance division, American Management Association; member of Chicago and Illinois bar associations; member of Casualty Insurance Law Committee of Section of Insurance Law, American Bar Association; Midwest Pension Conference; member of Alpha Tau Omega and Phi Delta Phi fraternities, The Law Club, Caxton Club of Chicago, Union League Club Lake Shore Club of Chicago, Milwaukee Press Club.

In addition to the election of officers at the February 16th meeting, a Round Table-Panel Discussion was held with Niles M. Nelson, Jr., of United Airlines, Inc., discussion chairman; Casimir Z. Greenley, International Minerals & Chemical Corporation; and Karl W. Goetter, Liquid Carbonic Corporation, members of the panel. The subject was "Foresight, Insight and Hindsight".

The Mid-West Insurance Buyers Association is one of the oldest organizations of insurance managers, with a membership composed of representatives of outstanding corporations and industrial concerns.

REMEMBER MAY 8th ASIM's First Semi-Annual Meeting to be Held in New York

President Frazier S. Wilson has announced that in response to many requests, the American Society of Insurance Management will hold a semi-annual meeting on May 8th at the Hotel Statler, New York City.

Present plans include a business session to start at 2 P.M. on May 8th, followed by a dinner meeting at 6 P.M. A prominent speaker will address the dinner meeting.

Pennartz Re-elected President of Delaware Valley Chapter, ASIM

Frank W. Pennartz, Food Fair Stores, Inc., has been re-elected president of Delaware Valley Chapter. F. Walter Norcross, The Budd Company, is First Vice President; Harry R. Sage, Mutual Rendering Company, Inc., is Secretary; Samuel B. Wainer, Penn Fruit Company, was re-elected Treasurer; Charles R. Garton, Atlantic City Electric Company, is Assistant-Secretary; and David Day of Hollingshead Corporation was re-elected Assistant Treasurer.

ASIM Executive Board Meets

Frazier S. Wilson, President of the American Society of Insurance Management, made a special trip from Chicago on January 24th to attend a meeting of the Executive Board in New York.

B. E. Kelley, Chairman of the Executive Committee presided, with Ray V. Brady, Treasurer; H. Stanley Goodwin, 2nd Vice President; Frazier S. Wilson, President; and Peter A. Burke, Managing Director, in attendance. Ray Cox, President of New York Chapter, ASIM, was a guest.

Among the subjects covered by the Executive Committee in this one day session were: A report on the Advertising Program of The National Insurance Buyer; the status of a new brochure which is being prepared for the American Society of Insurance Management; the recommendation that all chapters change their names to read: American Society of Insurance Management, _____ Chapter; A survey of the "Discussion Draft of Proposed Model Workmen's Compensation Law," prepared by the United States Department of Labor, and released November, 1955.

Also: membership in the United States Chamber of Commerce, having one member of ASIM serve on the Insurance Committee of the U. S. Chamber of Commerce; publishing of the revised and amended By-laws (this was postponed for further discussion at the May meeting); University of Connecticut Institute; and the appointment of two members to the Executive Committee of ASIM, (W. H. Clem, reappointed, and Merritt C. Schwenk, Jr., a new member).

CORPORATE INSURANCE MANAGER OR CONTORTIONIST? An insurance manager has to be a contortionist these days: He has to keep his back to the wall and his ears to the ground. He's expected to put his shoulder to the wheel, his nose to the grindstone, be on his toes — but keep both feet on the ground. At the same time, he must have a level head — yet keep that head high in the clouds so he can look for the silver lining!

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Fifty Fifth Annual Statement

December 31, 1955

ASSETS

United States Government Bonds . . .	\$52,418,147
All Other Bonds	21,375,102
Preferred and Guaranteed Stocks . . .	6,692,708
Common Stocks	46,524,898
Stock of Vigilant Insurance Company .	12,504,443
Cash	8,606,693
Premiums not over 90 days due . . .	2,853,360
Other Assets	4,843,915

TOTAL ADMITTED ASSETS \$155,819,266

LIABILITIES AND SURPLUS TO POLICYHOLDERS

Unearned Premiums	\$34,434,580
Outstanding Losses and Claims . . .	19,951,151
Dividends Payable	1,080,000
Taxes and Expenses	5,818,769
Funds held under Reinsurance Treaties .	3,684,914
Non-Admitted Reinsurance	4,571,053

TOTAL LIABILITIES \$69,540,467

Capital Stock	\$10,800,000
Surplus	43,090,000
Unrealized Appreciation of Investments .	32,388,799

SURPLUS TO POLICYHOLDERS \$86,278,799

TOTAL \$155,819,266

Investments valued at \$5,763,185 are deposited with government authorities as required by law.

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Aviation Insurance through Associated Aviation Underwriters

New York Chapter Holds Joint Meeting with C.P.C.U.

The February meeting of the New York Chapter of the American Society of Insurance Management was held jointly with the New York Chapter of Society of Chartered Property and Casualty Underwriters.

A panel discussion was arranged by the program committee and was for ASIM and CPCU members only. Representing the American Society of Insurance Management were:

Ernest L. Clark, Corporate Advisors, Inc.; Claude H. Rice, Babcock & Wilcox Company; and George E. Rogers, Robert Gair Company, Inc. Representing the Society of Chartered Property and Casualty Underwriters were: George J. Guess, Jr., Griswold & Company; Edgar Isaacs, Atlantic Mutual Insurance Company; and John B. Walker, America Fore Insurance Group.

A lively question and answer period followed the panel discussions.

75 YEARS

ON THE JOB

British Guide (showing places of historical interest): "And it was in this room that Lord Wellington received his first commission."

Insurance Man: "How many renewals?"

Prominent Speakers Appear Before Insurance Buyers Association of Detroit, ASIM

J. Fred Reid, Vice President of the Boston Mutual Insurance Company, was the principal speaker at the February meeting of the Insurance Buyers Association of Detroit. Mr. Reid spoke on "Deductible Property Damage Insurance" and answered many questions from members at the conclusion of his talk.

In January, Mr. R. M. Beatty of W. A. Alexander and Company of Chicago was the guest speaker. His subject was "Business Interruption Insurance."

Both meetings were held at the Abbington Hotel in Detroit and were well attended by members and their guests.

Mr. R. H. French of Michigan-Wisconsin Pipe Line Company is Program Chairman.

Honorary Membership to Kenneth Black, Jr.

An honorary membership in the American Society of Insurance Management has been awarded to Kenneth Black, Jr., Chairman, Division of Insurance, Georgia State College of Business Administration.

It is a policy of ASIM to present honorary memberships to outstanding educators in the field of Insurance.

Other honorary memberships have been conferred upon: Laurence J. Ackerman, University of Connecticut; Ralph H. Blanchard, Columbia University; John S. Bickley, Ohio State University; Charles C. Center, University of Wisconsin; H. Wayne Snider, Illinois Wesleyan University; I. J. Sollenberger, University of Oklahoma; R. H. Wherry, Pennsylvania State University; D. C. Wright, Upsala College; and Robert T. Mehr, University of Illinois.

DOING BUSINESS WITHOUT ADVERTISING is like winking at a girl in the dark. You know what you are doing but no one else does.

(Fireman's Fund Record)

Northern California Chapter Hears Russell H. Wenzel

"What Does the Truck Insurance Exchange Offer the Large Buyer?" was the subject of a talk by Russell H. Wenzel, Vice President of Truck Insurance Exchange at the March meeting of Northern California Chapter, ASIM.

The Truck Insurance Exchange is a member of the Farmers Insurance Group which is composed of five companies writing aggregate premiums of over \$87,000,000 a year.

In outlining their newest venture, Hospital Malpractice Insurance, Mr. Wenzel dwelt briefly on their hospital safety and loss prevention programs as well as their extensive fleet safety program.

From the Past . . .

"... Now, more than at any other time, the most important question in buying insurance should be, not how 'cheap,' but how 'GOOD.' If the public is going to demand shoddy goods then some manufacturer is going to oblige and supply them. You say that your neighbor will underbid me. Now I will wager even money that I can underbid him but it would be on product for which I would assume no responsibility or obligation other than to collect the premium from you. Quality insurance never has and never can be put on the auction block . . . Remember, good companies always maintain the quality of their products and fit the price accordingly rather than run shoddy goods in the fabric to keep down mounting costs . . ." — from a letter written by an agent in 1932, reproduced in the Employers' Group Pioneer.

● **Modern employer** — One who is looking for men between the ages of 25 and 30 with 40 years' experience.



PROTECTION

includes

Prevention

Constant vigilance against accidents is best fostered by regular reviews of problems and hazards . . . and the methods and equipment used to combat them. The Kemper Companies' corps of skilled safety engineers make it an essential practice to initiate and conduct discussions on safety for plant supervisors among the firms they insure.

The scene above is typical: safety engineer P. F. Pickett (seated, second right) goes over a report on a current problem with plant supervisors.

This service typifies the efforts constantly maintained by the Kemper Companies on behalf of policyholders. In fact, the companies

endeavor to select as policyholders *those who are interested in reducing losses*. Prevention means savings for Kemper policyholders: the fewer losses, the more money is available for dividends.

This philosophy of "protection means prevention"—and savings—is a basic tenet of the Kemper Companies on such lines as Automobile, Fire, Workmens Compensation, General Liability, etc. As a result, the companies have paid dividends to policyholders since organization . . . thus lowering insurance costs. Furthermore, Kemper Insurance means policyholders get local agency service, since the companies *write exclusively through agents and brokers*. For further details see your broker or the nearest representative of the companies listed below.

Lumbermens . . . *MUTUAL CASUALTY COMPANY*

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Use & Occupancy—

(From page 8)

fire and it was impossible to rebuild and get back into production for over a year. Of course there was insufficient insurance to cover the entire loss. Here is a case where the combined knowledge of accountants, production men, sales directors and others are needed to properly arrive at the amount of insurance needed for adequate protection.

* * *

Like any other insurance, the policy is but a scrap of paper if no loss occurs. But if damage is sustained by a peril insured against which causes an interruption of operations, it is imperative that agreement be reached between the insured and the insurer as to the action to be taken. I think that if I have learned nothing else from many years of experience, this has proven to be the most valuable knowledge I have gained. For some reason (and I just can't account for it) the majority of adjusters

do not seem to feel it is essential to immediately come to an understanding as to the procedure the insured is to follow immediately following a loss. In most cases the actual adjustment of a B. I. loss does not take place until many months after the interruption first takes place. I know of too many cases where the adjuster took the position that the insured should have done certain things to reduce the loss which was not done and there immediately developed an argument and ill feeling. If the insured will immediately study the problem, decide what they think should be done to minimize the loss and then advise the adjuster what their plans are they will avoid many differences of opinion. Too many insured's feel that because they have insurance they have no obligation to minimize their loss and complain when they cannot collect because of their own negligence.

Most of my remarks so far have been based upon the standard types of policies written by our domestic

insurance companies. These policies have a wording which says the insurance company is liable for "the actual loss sustained." This wording of course can lead to a difference of opinion as to just what loss is actually sustained. Our domestic insurance companies have up to this time felt this type of policy was the fairest to both the insured and the insurance company. It probably is if both sides could always agree and fortunately in most cases an amicable settlement can be reached.

* * *

However, the companies have taken the position that this form provided for consideration of loss of sales although there is nothing in the form that so states. Some contend the contract follows loss of production solely. There is even a difference of opinion among adjusters on this point. A large loss occurred some time ago where the insurance companies contended that due to the insured having a large stock pile of completed prod-

(More on page 34)

In Your Service

Among the many functions of a competent insurance agency is the knowledge of insurance markets — where to secure the broadest coverage in financially sound companies at minimum cost.

We pride ourselves, as do insurance buyers, on our ability to keep informed of the ever-changing insurance source of supply.

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Whether it is Excess Liability, Manufacturer's Output, Ocean Marine, or any other unique problem requiring special consideration, be sure your Agent or broker gets North America's specialized service and broad, flexible contracts specially drawn to the demands of your problem.

PROTECT WHAT YOU HAVE®



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Manufacturers

Output Policy



Address By
Edward L. Dilworth
Insurance Manager
Lever Brothers
Member — N. Y. Chapter, ASIM

When your Program Chairman, Mr. O'Leary, first wrote inviting me to speak before your group he indicated he would like to get the feelings of Lever in connection with the so-called Manufacturer's Output Policy and to give you our experiences with this type of a contract.

Before going into the Output itself, however, I feel that it would be better for you to know a little of our operations and our insurance program insofar as our personal property at locations away from our manufacturing plants were concerned prior to our entry into the Output Policy in 1950.

Up to that time it was necessary for us to carry various types of individual policies, some of an all-risk nature and others of a named-peril type, in an endeavor to come up with a program properly designed to take care of our insurance needs on a complex situation.

We had an exposure of approximately 140 storage locations, 700 leased tank cars, 100 factor locations and 1,000 automobiles on which proper insurance had to be

placed and in order to accomplish what we felt to be proper and sufficient protection, several individual policies were acquired. These were such as:

(1) The regular warehouse floater policy (2) The regular transportation policy (3) Stock burglary policy (4) Automobile material damage policy (5) An all-risk policy covering oils in land tanks on the premises of others (6) A named-peril policy on factor locations only (7) Policy covering leased tank cars and their contents.

These individual policies required continuous policing as our operations grew and as you well know "gaps in insurance" are inherent when a combination of policies are written. Along about 1948 and 1949 our problems became a little bit more acute thru our acquisition of the Pepsodent Company, the John F. Jelke Company and the Harriet Hubbard Ayer Company.

Along Came S.E.U. Decision

Our loss experience under the individual policies, particularly our warehouse floater policy, was exceptionally good and besides being concerned with acknowledged gaps in coverage we felt that the insurance was getting too costly in spite of our good loss ratio. The warehouse floater, policy, which developed the bulk of the premium of these individual insurances, was controlled rate-wise by the Interstate Underwriters Bureau set-up and when it looked as though we were finally getting someplace toward reducing the premium costs, along came the Southeastern Underwriter's Decision. This as you are well aware decided insurance was interstate commerce and, therefore, subject to Federal control. The government declared a moratorium in order to give the

states time in which to set their houses in order so as to retain control of insurance.

This decision in essence nullified the I. U. B. as such and then a monster, known as Public Law 15, came into being. Every time a corporate insurance buyer came up with what seemed to be a solution to his problems he was told that it could not be done because of Public Law 15. Personally I feel that this reasoning against progress was overworked.

You can see that while we felt our particular insurance costs were out of order under the I. U. B. set-up it was paradise compared to what happened under Public Law 15 and which continued as far as we were concerned until 1950. Our rates under the Warehouse Floater policy practically doubled after the S. E. U. decision and of course this did not make us very happy.

This decision and the subsequent creation of Public Law 15 made it only more evident to the insurance buyer that better type policies and possibly one policy were needed to bring the cost of insurance more in line with the exposures. At this point you can see that there was great concern on the part of corporate insurance buyers that the insurance companies come up with something more attractive and less costly than was available under the circumstances of Public Law 15.

Insurers Listen to Buyers

It is my opinion that the continued clamor on the part of corporate insurance buyers individually and thru the National Insurance Buyers Association (now the American Society of Insurance Management) brought about renewed efforts on the part of the insurance companies to really do something toward resolving the harried situation of the buyer.

The Manufacturer's Output Policy as such had been written for about 10 years prior to 1950 but was confined to the automobile industry and as the companies started to make it available for other types of industry that qualified it seemed to be the answer to our demands

(More on page 36)



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THE GROWING COSTS OF WORKMEN'S COMPENSATION

By

Stanwood L. Hanson

Assistant Vice President

Liberty Mutual Insurance Company, Boston, Massachusetts

Presented Before

**NEW YORK CHAPTER
AMERICAN SOCIETY OF
INSURANCE MANAGEMENT**

January 19, 1956

At

Hotel Statler, New York City

Few people realize that in many industrial states no maximum of indemnity and medical payment exists in many workmen's compensation laws. In these states industrialists view with alarm the rising cost of this responsibility placed on industry.

Our first compensation laws provided a comparatively simple schedule of weekly benefits for disability resulting from accidents arising out of and during the course of employment. More statutory changes have been made in workmen's compensation laws, however, than in any of our other social laws and virtually all have been to increase or broaden the benefits. This is well illustrated in Massachusetts which is my home state. When the Law was drawn up in 1911, the maximum period for which compensation could be paid was 300 weeks and the maximum amount was \$3,000. Payment of medical expenses was provided for only a two-week period following the injury. Today benefits are payable for life for total permanent disability and medical benefits may be awarded as long as needed without limit. To these are added substantial schedule awards for loss of or permanent damage to body parts, for the loss of bodily functions and for disfigurement.

At present, 23 of our existing compensation laws provide disability payments for life for total permanent disability and in 36 of the jurisdictions medical benefits may be awarded for as long as the in-

jured worker lives, virtually without limit. In addition, during the past 15 years the cost of medical treatment has nearly doubled and cost of hospital services has tripled.

During the past ten years there has been a marked trend on the part of industrial boards and commissions to hand down decisions awarding compensation for disabilities that have resulted from accidents or so-called accidents that have aggravated degenerative diseases. This is a new experience in workmen's compensation because when the diseases of old age which are degenerative in character are aggravated by industrial injury, these disabilities usually become permanent because such diseases are usually progressive whether they have been modified by industrial injury or not.

Some Leading Decisions

It is, of course, a well-known concept in workmen's compensation that the employer accepts the employee in the condition which he finds him and if the employee meets with an accident which

aggravates a pre-existing condition causing disability, the employer is responsible for that disability just as though the accident had been the sole cause. During this period, there have been some very leading decisions handed down on heart cases in large industrial states, such as New York and Massachusetts. These decisions have awarded compensation to employees in cases of disability and to dependents when death ensued as the result of heart attacks which occurred while the employee was on the job.

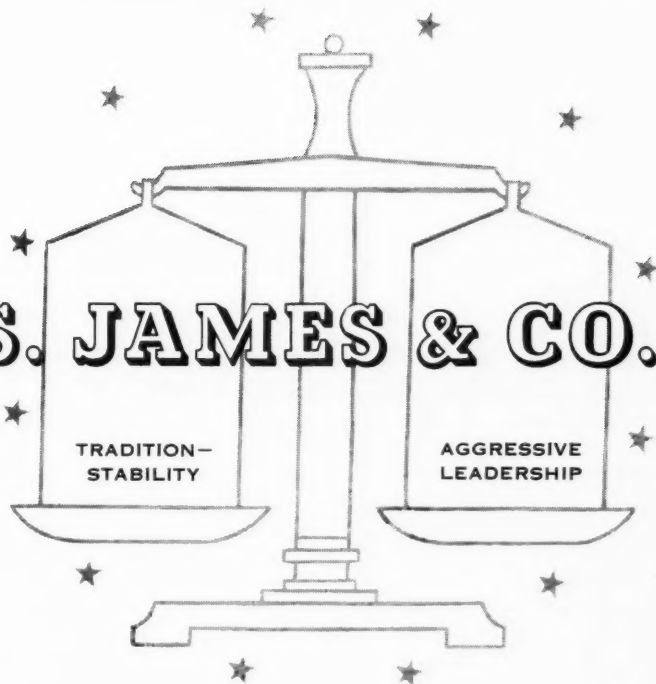
In a number of these decisions no untoward incident took place which could be pointed out as a specific accident but rather the cause of disability or death was attributed to the arduous nature of the work, nervous tension or emotional strain caused by the work. Similar decisions have been handed down in cases of arrested tuberculosis, cancer, arthritis, asthma, diabetes and other progressive types of degenerative diseases. There has been a tendency to put the cost of disability and death due to degenerative diseases onto industry and as the result some industries have taken a defensive position not only with regard to the employment of persons who have been known to have heart ailments or other degenerative diseases but to persons in the older age groups who they felt were subject to these conditions.

In New York State developments in medicine have led to new theories of casual relationship of certain diseases to industrial employment which have resulted in awards that are proving to be very expensive. These are illustrated by findings that have been handed down holding Dupuytren's contracture in the hands to be an industrial disability and aseptic or
(More on page 32)

Frazier S. Wilson Appointed to Labor Policy Committee

Frazier S. Wilson, president of the American Society of Insurance Management, and Insurance Manager for United Air Lines, has been appointed to the Labor Policy Committee of the Chicago Association of Commerce. One of the major projects of this committee will be the review and study of proposed federal legislation on Workmen's Compensation — as well as workmen's compensation laws affecting the state of Illinois.

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Workmen's Compensation—

(From page 30)

bone necrosis in the long bones of men who have worked under air pressure to be similarly compensable. Medical opinion indicates that bone necrosis is a deterioration of bone due to the clogging up of terminal blood vessels caused by changes in the oxygen nitrogen content of the blood. Premiums of 50% of payroll to insure such an operation have been quoted in New York.

Decisions have also been handed down supporting awards for loss of hearing due to noise even though the worker suffered no loss of time or reduction in wages. Such a decision was handed down in Wisconsin several years ago and on July 19, 1955, Judges Chase and Medina of the United States Court of Appeals for the Second Circuit handed down such a decision involving loss of hearing under the Federal Longshoremen's and Harbor Workers' Compensation Act in a series of three cases.

These are all factors which have grown into the compensation system. They are the progress of social and scientific education. They have their effect upon compensation case costs and upon the reserves that have to be set up.

Relief in Cost of Cases

Industry may well ask how it can find relief from this growing burden of the cost of workmen's compensation cases.

When one considers the long line of decisions which have been handed down in the various states casually relating to industrial employment so many of the diseases characteristic of old age, it is not surprising that industry is timid about hiring the elderly.

Similar timidity also exists with regard to the employment of younger people who are known to have physical handicaps. Unless methods can be found to place older workers and persons with physical abnormalities on safe and productive jobs, the problem of the dole is going to grow greatly in the present generation and the productive power of the country will be

held back very considerably from its maximum strength. The acuteness of these growing problems became apparent to Liberty Mutual with the advent of World War II because of its responsibilities both to industry and to labor as a carrier in the workmen's compensation system. The Company decided that much more scientific know-how should be applied to the management of disability because change could not be expected in the trend of legislation, to broaden the benefits, nor in the trend of decisions, to broaden the interpretation of disabilities.

Problems of Disability

A research was undertaken of the problems of disability. Examination of many cases of long-term disability disclosed that although the reasons for such disability were multiple, they did form a pattern of causes. It was felt that some relief could be obtained through some of the new developments in medicine if properly applied. A substantial number of the cases had not made early progress toward recovery, owing to complications in the traumatized or fractured part, or to complications of the injury being superimposed on some previously existing bodily ailment.

In studying these causes of disability it often seemed evident that errors in diagnosis had been made and intensive diagnostic study should have been made earlier in some adequate hospital or clinic facility, and that the diagnosis and treatment should apply to the man as a whole as well as the injured part. The action taken was to enlist the aid of consulting specialists in some 53 of our larger industrial communities to act as medical advisers. Their function is to review the medical progress being made on all cases of serious disability. Because these are most often cases of fracture or other trauma, the Company has utilized the services of orthopedists with special experience in traumatic work. They are asked to review medical histories, to consult with treating physicians and to recommend diagnostic work or technical procedures that may be in the best interest of the

patient. This is in no way aimed at removing cases from the care of treating physicians but is directed at giving the physician any assistance that can be provided. These reviews may confirm the treatment or they may reveal the need for further X-ray, laboratory or diagnostic studies. It is a process of determining what a problem case needs and then offering to provide it, whatever or wherever it may be.

The study of serious disability cases revealed a second large group that had progressed well through surgery and surgical healing, had been discharged from the hospital as cured, and yet months or even years later the individuals had not returned to any form of work. Again the causes were multiple, but still they formed a pattern of continued disability due to stiff joints, atrophied muscles, fear of recurrent injury, lack of confidence or combinations of residual disability superimposed upon some previous ailment.

Significant statistics on the amputee program at the Boston Center disclose that of 252 cases on which treatment has been completed 191 returned to work. Of this number of amputees 18 were individuals who had lost more than one member, that is they had lost both feet or legs or both hands or arms. Of this 18, 14 were able to return to work.

The most serious types of injuries that occur in industry are spinal cord injuries which result in paralysis. This is called quadriplegia or paraplegia depending on the extent of the paralysis. Such patients may require a lifetime of hospital, special nursing or attendant care unless very heroic methods of rehabilitation can be applied. At present Liberty Mutual has 111 open paraplegic cases and practically all of them have an indefinite period of life expectancy.

Since comparatively few civilian services of rehabilitation for paraplegics have been developed, we have set up a specialized service for the care and rehabilitation of spinal cord injury cases.

Of the 111 open paraplegic cases, the Liberty Mutual is carrying re-

(More on next page)

serves of \$6,719,000 to pay for future indemnity and medical benefits which will be due. Rehabilitation has actively been undertaken on 85 of these paraplegia cases and has been completed on 66 of them. Of that number 32, or 48%, have returned to work or are in business for themselves. Of the remaining 34 cases, 23, or 35%, are living at home but without the need of nursing or attendant care; 9, or 14%, have been discharged from hospital but still require some degree of paid attendant care; and 2, or 3%, still require hospital care.

Recapitulation of Savings on the 66 Cases Rehabilitated

Total estimated indemnity and medical cost of completed cases if not rehabilitated, \$6,812,509; Total estimated indemnity and medical cost of completed cases as of this date, \$3,683,025; Gross estimated saving in indemnity and medical cost of completed cases, \$3,129,484; Cost of rehabilitation of completed cases, \$676,771; Net estimated saving in indemnity and medical cost of completed cases, \$2,542,713.

I think we have proved that most of the handicapped and many from the older group can be safely and productively placed in remunerative undertakings. What is required is preparation and know-how. Industry, labor and society are best served when the legal and medical aspects of industrial disability are so harmonized that injured workers are returned to safe and productive jobs at the earliest possible date.

The growth of public interest in the subject of rehabilitation is very encouraging to those who have long worked with the problem of the industrially disabled. Rehabilitation serves as a meeting ground of common interest for industry, labor, law, medicine and insurance. It can do much to reduce the costs and controversy in the compensation system.

Facilities for Physical Restoration

Study of existing facilities for physical restoration in the United States and Canada convinced the Company that a service combining
(More on page 39)

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Use & Occupancy—

(From page 26)

ucts, there was no actual loss sustained. A terrific difference of opinion developed and the loss went to court. However, the loss was agreed upon before the trial was concluded. Since that time the insurance companies have tried to find some wording which would more clearly spell out their intentions. The standard forms are about to be changed so that stock in process, raw stock or completed stock, if available, must be used in order to minimize the loss. In my opinion, this is only going to complicate the problem further. I have no particular quarrel with the insurance company's desire to reimburse the insured for what they actually lost in profits and continuing expenses, but it illustrates the necessity of pointing out to the insured when purchasing this type of insurance what they might be reimbursed for as against the premium charged.

* * *

I had pretty well felt it was the most reasonable approach to contracting for this type of protection but was amazed to find out when talking with some of the leading Lloyds Underwriters when in London a year ago that they completely disagreed with an "actual loss sustained" type of policy. They feel it leads to too many arguments and

consequent ill feeling on the part of the policy holder. They favor a valued type of contract, which has been frowned upon by our underwriters because of the moral risk that could be involved. This type of contract eliminates the necessity of proving the dollar loss. An agreed value per day or per week is established at the beginning of the policy. The loss is settled based upon the percentage of loss of production. For example, if the insured is completely down for one day, they collect the amount per day as shown in the policy. This sounds very simple, but it too has its bad features. For example, if the loss happens to occur when profits and expenses are running higher than the valued amount, the insured would not collect his full loss. If the insured on the other hand decides to carry a daily amount equal to the maximum per day, he would be paying a rather large premium in comparison to our domestic type of contract. Then, too, in a type of concern who manufacture many products, some of which are raw materials for other end products, it might be very difficult to ascertain the percentage of lost production.

A possible advantage, however, is the fact that the Internal Revenue Department has ruled in certain cases that the proceeds received under a Valued Business

Interruption form of policy are not subject to Federal Income Tax. This is a subject requiring the study of the insured's own tax consultants.

I want to caution that the London and foreign market is not always able to absorb the requirements of a large insured under a valued form, so here again is a matter of study on the part of the Insurance Manager and his Broker or Agent to determine what is the best solution to the exposure at hand.

* * *

You no doubt can see from what I have said that there is considerable question as to the proper type of contract to be used and I can assure you it is a problem that is still being studied by thinking insurance people. So far there is no rule of thumb to follow. The protection certainly is just as important or more so than physical damage insurance. And again I say with all credit to the insurance companies, losses have been settled reasonably within purpose of purchase.

(Mr. Erzinger who is currently with the Chicago insurance brokerage firm of Byrnes-McCaffrey, Inc. has had some 30 years experience in the insurance profession. The sole purpose of his trip to Houston was to deliver this speech before the Houston Area Chapter, ASIM).

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A Facet of Risk Management

(From page 6)

the necessary insurance; and time is required for the insurance buyer, agent or broker and the insurance company to get into agreement on the legal aspects of the agreement.

Basic management decisions regarding the extent to which a particular company's insurance program will be adequate to protect that company in event of loss, to a large extent, determines whether or not the insurance can be procured. It is not a matter that is primarily an insurance company problem.

In general, we can state that adequate coverage is available at a reasonable cost if — your company is prepared to co-operate with its insurance carrier and fully discloses its operations in all respects.

I do not mean to infer that this problem is a hopeless one — as a matter of fact, constant study of this problem helps each of us to better understand the problem and thereby attack it in our own way

and in accordance with the policies set down by our managements. It must also be stated that the answer to the problem is not to try and force our responsibilities on someone else, for this matter of contractual liability is not a "One-Way Street".

How then can we arrange our coverage to protect our interest? We must have comprehensive liability insurance with limits in relation to the work that is being performed. Second, we must have contractual liability insurance—Why? — because contractual liability, while it is a legal liability, is more than that. It is the liability imposed upon an insured by the terms of a contract entered into with other parties. The general comprehensive liability policy, as such, excludes contractual liability. It is, therefore, necessary that the two forms be mated together in order to have an umbrella of coverage.

I believe that each of us should be responsible for our own negligence — that we should each continue to have those that issue hold-

harmless clauses amend them to the extent that the risk assumed is reasonable — rather than ridiculous — and that we should purchase insurance that will afford us protection to the extent that the serious insurable losses will not affect the basic financial structure of our companies. And lastly, I believe that we should be reasonable and tolerant in our dealings with others who are placed in the position of indemnifying us.



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Manufacturers Output—

(From page 28)

and needs. For a few months we studied the wording of a sample of the Output Policy because there were certain things in it which did not seem to take care of all of the exposures we desired to cover. These, however, were finally straightened out to our mutual satisfaction.

Feeling that we had finally analyzed our risks and gotten the insurance company to go along with us on the requested changes we bought an Output Policy on July 1, 1950.

This was a great step forward in the corporate insurance buyer realizing his ultimate goal of one policy with uniform coverage for most hazards and it seemed to be the answer to a lot of our problems, fitting into our particular circumstances very nicely.

When first written the output policy was truly a multiple peril policy covering mostly all risks of an external nature with just a few exclusions. The only weakness that seemed to prevail at that time was that we were obliged to carry specific policies at our higher valued locations because of an apparent capacity problem on the part of the underwriters and their re-insurers. These specific policies did not detract from our realization of complete coverage because the output picked up the perils not covered by

the specific contracts.

As I have said previously we had about 140 storage locations and the total values at these locations ranged from approximately \$16,000,000 to \$42,000,000 at any one time and you can gather from this that a few locations had a high concentration of value. The Output gave to us automatically limits of protection of \$500,000 on unsprinklered locations and \$1,000,000 at sprinklered locations with special higher limits for high-valued locations. The limits agreed upon were passed along to our Distribution Department so that they could control our storage within these limits.

We still, however, were obliged to place specific insurance to properly take care of our needs. It was our feeling that in getting into the Output we could eliminate the necessity of separate policies but initially we did not attain this result. As time went on, however, we made progress with the underwriters toward getting under the Output the limits of protection required by our operations.

Retrogression

As we pointed out before the Output coverage was of a very broad nature and generally satisfactory but following the floods of July 1951 the company took another look and limited the flood coverage at specific locations to \$150,000. Later on the companies issued a new type of output policy,

which did not alter ours, excluding various types of losses which to us seemed to have put progress back some few years because in excluding many types of losses, the companies, in essence, were going back to a named-peril situation. This retrenchment on the part of the companies to a great degree was due, at least I understand it that way, to their reinsurance problems and no doubt to the experience which was encountered on the Output type of losses.

After being in the Output for a year we accepted a \$500 deductible on all claims and while our premium was reduced in doing so, just as important was the fact that it lessened some of our administrative duties by not processing small claims. The Output covered for material damage, including collision, our automobile fleet, but in 1954 we surveyed the automobile exposure and because we no longer had a serious concentration of cars at any one location, it was decided to cease covering the cars.

Right now our policy covers all of our personal property, except automobiles, at locations away from our manufacturing locations on practically an all-risk basis with the usual exclusions of war risks, dishonesty of employees and earthquake plus the restriction of \$150,000 limit of loss on flood losses at specific locations.

(More on page 37)

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Under our insurance program where several policies were necessary we were required to make very detailed monthly reports on many of the lines and the preparation of the data for these reports required the services of several employees. On the Output we furnish one figure each month to our insurers covering all of our exposure, and, therefore, it cuts down the work of our department, causes less policing of the coverage, and eliminates gaps in coverage.

Our loss experience under the Output has been very good, the only one of any size being a \$100,000 loss at Kansas City in 1951 because of the flood. Excluding the flood loss our average annual loss for a 5-year period was about \$11,000.

This would seem to paint a very rosy picture but I do not wish to mislead you that these are all the losses we have had. It is not, because we have had many more but all in the transportation field. On losses of this type our distribution department handles these direct with the railroads, truckers, or steamship companies. Their efforts toward recovery are very good and it only when they have had a claim declined do we refer it to our insurers as a claim under the Output.

Worthwhile Concessions

It sometimes takes months for the Distribution Department to make a collection on these claims or have the claim declined and you may be wondering whether we may not be violating our policy by not giving prompt notice of a loss to our insurance company. We do not violate the terms of our policy because we foresaw the possibility of this, discussed the matter with the insurers and explained to them that we in the Insurance Department of Lever do not consider these transit losses as claims for insurance company handling at the time of the occurrence but more so at the time the railroads, truckers, or steamship companies decline the claims to our Distribution Department. We could give them prompt
(More on page 39)

We Sell Peace of Mind . . .

at least that's what our policyholders say. They mean, of course, that they enjoy the freedom from worry which comes from knowing they have placed their fire, boiler, and machinery insurance in the hands of specialists in plant protection. At no extra cost they can rely on the constant vigilance of our highly qualified engineers and inspectors in reducing the hazards of fire, explosion, breakdown, delay, undue deterioration, and costly repairs. Among the additional features which have caused a constantly expanding list of insureds to place their confidence in us are:

- Our combined total of two hundred years of specialized experience.
- Our continuous program of laboratory research and field investigations.
- Our speedy and efficient service made possible by district and branch offices in 30 major cities of the United States and Canada.

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Insurance Managers Build Model Insurance Program

A panel consisting of Fred Greenlaw, Insurance Manager of Kaiser Companies; Robert Entriken, Assistant Manager of Surety & Burglary Department, Fireman's Fund Group; and John Holland, Office Manager of Withoft & Farley, built a model insurance program at a dinner meeting of the Northern California Chapter of the American Society of Insurance Management, Inc., in San Francisco on January 19th.

A hypothetical corporation's operations was submitted to the panel as a basis for discussion and they designed a program to protect the corporation's assets from risks of an insurable nature.

Northern California Chapter of ASIM invited members of the Society of Chartered Property & Casualty Underwriters, the Insurance Forum of San Francisco, and the general insurance fraternity to attend their meeting.

Fred Greenlaw has been Insurance Manager of Kaiser Companies for the past ten years; Robert Entriken is the President of the Northern California Chapter of the C.P.C.U.; and John Holland is President of the Oakland Insurance Forum.

The Model Insurance Problem

Corporation XYZ manufactures and sells plumbing supplies to wholesalers. Their home office is in San Francisco and their largest manufacturing plant is nearby. Another manufacturing plant is located in Oregon. Annual sales are \$10,000,000. The Corporation is family controlled and has a very comfortable cash surplus. It has been in business for many years. There are 350 employees in California and 175 in Oregon. Salaried sales personnel are scattered throughout the United States.

The Corporation has a production schedule that is constant, warehousing some of their products at their factories. They ship directly to customers that have been con-

tacted by sales representatives. Fifty per cent of the Corporation's sales are handled by distributors and jobbers on a consignment basis. The manufacturer retains title and is responsible for his material until distributors have actually sold it.

In California they own their factory. It is a three-story sprinklered brick building, 150,000 square feet in area, situated in the congested industrial district of a large city. This building is valued at \$1,500,000. Machinery and equipment at this location are valued at \$2,000,000.

Their manufacturing operations in the State of Oregon are conducted in Portland in a leased building; this two-story building is of frame construction and has an area of 60,000 square feet. It is also located in the congested industrial district. The Oregon building is valued at \$600,000 (under their lease agreement the Corporation is responsible for returning the building to the lessor, reasonable wear and tear, acts of God, and damage by the elements excepted). Machinery and equipment at this location is valued at \$750,000.

The Corporation has an inventory of finished products on hand at all times; the valuation is \$450,000 at their California location and, in Oregon, \$250,000. They have approximately \$1,000,000 on hand in raw materials, of which 65 per cent is located at their California Plant and 35 per cent at their Oregon Plant.

The manufacturing locations are heated by boilers and there are the usual miscellaneous pressure vessels.

The Corporation has 50 private passenger cars (three in Oregon, seventeen in California and one at every other location).

The downtown home office fixtures and furnishings in California are valued at \$100,000 and the value at their Oregon location is \$25,000. The fixture and furnishing values of each of the other leased offices

throughout the United States, Alaska and Hawaii are \$2,000 per office. The Corporation assumes no liability for damage to office premises except from the negligent acts of their employees, agents, and representatives.

The Corporation owns a six passenger airplane which carries a valuation of \$75,000 on the hull and \$10,000 on spare motors and parts. The plane is for the business use of their executives and is hangared at a municipal airport in California. They employ a pilot to operate and maintain the plane.

The Corporation also has a lodge located at a mountain lake, valued at \$60,000, building; \$30,000, equipment. This lodge is used to entertain clients of the firm. At the lodge they have a 30-foot, 220 H.P., ten-passenger Chris Craft pleasure boat. They have one caretaker at the lodge.

All record keeping and accounting is handled by their California Home Office and accounts receivable average \$1,000,000.

Their Workmen's Compensation loss ratio in California never exceeded 25 per cent (premium averages \$25,000 annually) experience modification and scheduled credits in the State of California were 70 per cent as of January 1st. Their Oregon experience is similar with annual premiums of \$20,000. They have never had a Workmen's Compensation loss at any of their other locations.

Their Liability loss ratios have never exceeded 20 per cent in any one year, and for a five-year period ending 1/1 55 their loss ratio was 15 per cent. They have never had a Fire or Theft loss involving any of their vehicles but have had several comprehensive losses, none of which were large. They have averaged about seven collision losses a year, none of which exceeded \$250. Their loss ratio is 30 per cent for a five-year-period.

The Corporation has requested that you design a practical, workable, economical program which recognizes all of the exposures and will adequately protect the Corporation's assets.

Manufacturers Output—

(From page 37)

notice of all claims as they came up but in doing so they and we in the insurance department would be setting up claim files in cases where in most instances the insurance company would not be required to pay. To give the insurance company some idea of serious transit losses, however, it was agreed that we would give them prompt notices on all losses in excess of \$1000. Also on all losses up to \$3000, whether transit or otherwise, we were at full liberty to handle the damaged merchandise as we saw fit without the necessity of calling in an adjuster. This of course, saved expense to the insurance company and hastened disposition of the damaged merchandise, thereby permitting prompt cleaning up of the premises and getting business back to normal.

This latter concession is something akin to the insurance company getting to the point of insuring people and not only the commodities. This in my mind is a credit to the faith that the insurers find in their clients and is a good sign for the business. In your particular field, the marine end of the business, this is most profound because the rates charged on exports can differ between clients even though the destination, commodity, steamer, and consignee are the same. The marine field seems to be the one that evaluates a client more so than any other field as to the integrity of the client, his method of packaging and his feeling toward losses.

We in Lever are very strongly in favor of the Output type of policy because the coverage is automatic and very comprehensive; and in our operations where we use so many suppliers of materials of all kinds, it is a pleasant feeling to know you have the necessary insurance wherever the personal property is located.

Insurance Buyers and the Corporate Buyer

There seems to be no question in my mind that the insurance companies are doing everything

possible to give the insurance buyer a policy of insurance which affords the most complete protection required and at a reasonable cost. For support of this feeling I would like to quote from a talk given by one of your brethren last Spring to the Delaware Valley Chapter of the National Insurance Buyers Association, known since January 1, 1956 as the American Society of Insurance Management. The speaker was Mr. W. Irving Plitt, Vice President of the Atlantic Mutual Companies and I quote from his talk:

"The progressive look today is toward an 'Insurance Company,' not specifically fire or marine or casualty, but an 'Insurer' writing broad forms of all types of coverage and in many cases in one contract."

This statement I like very much, maybe selfishly, because the type of policy referred to by Mr. Plitt would surely lessen the administrative load of the insurance departments of the large corporate buyers of insurance. Of course you probably realize that the utopian goal of the buyer is that one policy that says "I insure."—period.

(Address before a luncheon meeting of the Mariners Club of Massachusetts, Boston, Mass., February 1956)

Workmen's Compensation—

(From page 33)

diagnostic study with physical restoration could do much to assist treating physicians to rehabilitate many of this latter group of cases. To provide a place where such a service could be carried out, Liberty Mutual's first rehabilitation center was opened in Boston in June, 1943. Subsequently, a second center was opened in Chicago in January, 1951. These centers have consulting staffs of physicians qualified in orthopedics and experienced in the field of trauma. They examine all cases on admittance in order that the exact condition of the injury may be known and rehabilitation therapy correctly prescribed. Also on the staffs

are physicians qualified in internal medicine. Each patient has a chest study, together with a complete physical examination, supported by any laboratory studies that may be indicated, in order that the staff may deal adequately with ailments which might complicate recovery.

The full-time staffs of the Centers consist of physical therapy and occupational therapy technicians as well as prosthetists and trained counselors. The equipment for treatment includes examining rooms, routine physical therapy and hydrotherapy devices for the application of heat, and many standard types of machines to provide physical therapy exercise. The Centers also contain well-equipped workshops and departments of recreational therapy where graduated exercise can be carried out under the supervision of occupational therapists, where work tolerances can be observed and developed until actual work ability has been attained. The pre-vocational undertakings are selected to fit the patient's interest, to encourage him to re-establish his confidence, and to harden him to actual work ability.

Study of Cases

A comparatively recent study of 2,866 cases of all kinds treated at the Boston Rehabilitation Center reveals some statistical facts of interest. The average age of male patients has been 44.4 years and the average age of females 43.0. The average length of time from the injury or surgery to admission to the center has been 6.9 months. The average length of treatment has been 41.5 days. Of the total of 2,866 cases, 2,442, or 85%, were improved by treatment. The number not improved by treatment was 424, or 15%. Of those improved by treatment 2,010, or 82.3%, were returned to work. The average cost of the rehabilitation was \$594.

The results being obtained at our Chicago Center are similar to those at the Boston Center. A statistical study of 730 cases reveals that 659 were improved by treatment while 71 were not improved. Of those improved 540 cases, or 81.9%, were returned to work.

Personnel Available

Inland Marine experience. Age 35, married — now handles various lines including ships service and stevedore liability — all phases of inland marine underwriting, re-insurance, etc. Excellent man with specialized training and ability. Has Mechanical Engineering Degree in addition to insurance background. (Address — ASIM - 11).

* * *

Insurance Administrator: Currently employed, seeks challenging opportunity with industrial company where intimate knowledge of insurance can be used in administering the insurance program of the company. Qualified by six years with insurance companies as underwriter, claims adjuster, and representative, covering all forms of business insurance. (Address — ASIM - 12).

* * *

Part-time or Full-time Insurance Buyer. 30 years experience in all types of insurance purchasing. Retired by recent merger. Very desirable employee. Conscientious and able. (Address — ASIM - 16).

Safety Engineer. College education; married; presently employed. Responsible for general supervision of employees in planning, application, and administration of safety engineering service to policyholders. Experience also includes design of accident prevention programs, measurement of progress and reports to management of policyholders with multi-plant operations. (Address — ASIM - 17).

* * *

Experienced Insurance Manager, age 32, with ability to negotiate insurance contracts, analyze coverage, handle losses and loss prevention activities. Legal and Engineering education, CPCU - Insurance Company background. Now employed in large multi-plant (35 manufacturing plants) seeking better opportunity as Insurance Manager (Address—ASIM - 15).

* * *

Ten years experience as Assistant Insurance Manager. Capable of handling the purchasing and administration of all forms of insurance coverage. Also personnel and industrial relations. Married. Age 42. Available at once. (Address — ASIM - 14).

Twelve years as assistant to Insurance Manager of large airlines operation. Would prefer full or part time position in insurance department where past experience would be valued. (Address—ASIM - 19).

* * *

Young man, 30, married — good education — would like to improve his position. Now employed as assistant to Insurance Department Manager of large private corporation. (Address—ASIM - 20).

* * *

Corporate Insurance Manager: Presently employed in New York handling all lines of insurance, including compensation and automobile Safety Programs. Has 15 years experience in field and knows markets, contracts and applicability of insurance to large manufacturing operations. Age 42, married and has family (Address—ASIM - 23).

* * *

Insurance Manager — 43 years of age. Presently employed as Insurance Manager for large national corporation. 20 years experience with insurance companies in underwriting, engineering and claim fields (Address—ASIM - 24).

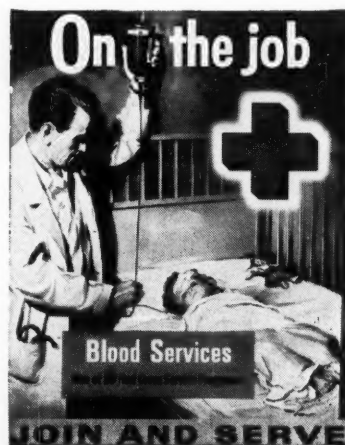
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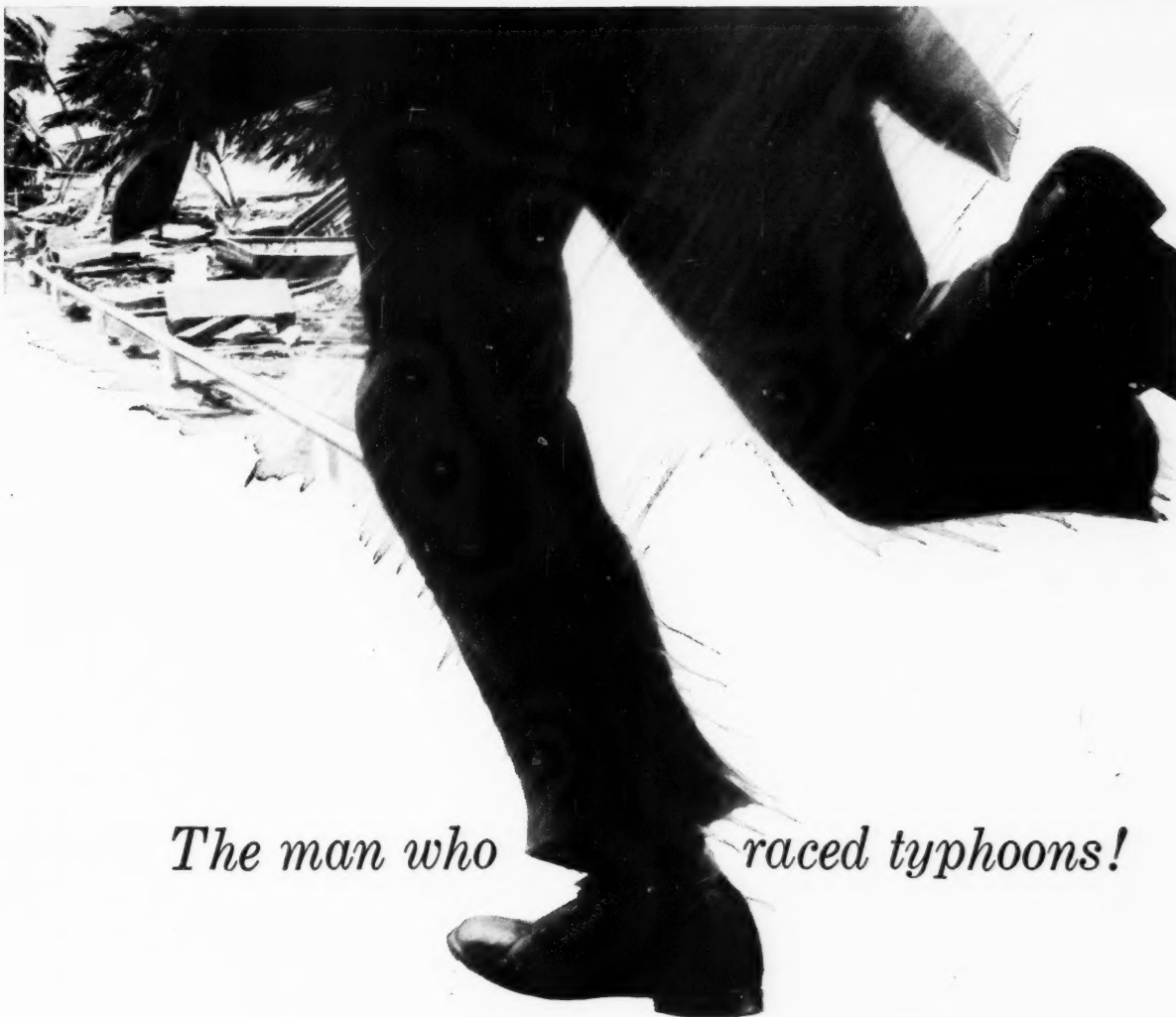
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When a typhoon formed, he charted its course. He hopped a plane, raced the typhoon — often from Guam to the Philippines to Okinawa to Japan. He supervised battening down of open storage, secured tie-down cables and sheathing.

Sometimes he stayed in the midst of the shrieking winds and scudding rains, helping to save property — and lives. Then he boarded the plane and raced around the typhoon to the next danger spot.

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Boston 9, Mass.....	148 State Street
Washington 6, D. C.....	312 Barr Building
Detroit 26, Mich.....	Free Press Building
Chicago 4, Illinois.....	208 So. LaSalle Street
New Orleans 12, La.....	831 Whitney Bank Bldg.
Dallas 1, Texas.....	2006 Bryan Street
Houston 2, Texas.....	1619 Melrose Building
Denver 2, Colo.....	Railway Exchange Building
San Francisco 4, Calif.....	206 Sansome Street
Los Angeles 17, Calif.....	612 So. Flower Street
Seattle 1, Wash.....	811-814 White Building

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